

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FORT DODGE COMMUNITY SCHOOL DISTRICT

Fort Dodge, Iowa
Fiscal Year Ended June 30, 2013

OFFICIAL ISSUING REPORT

Brandon C. Hansel, Director of Financial Services

OFFICE ISSUING REPORT

Office of Financial Services

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Introductory section



FORT DODGE COMMUNITY SCHOOL DISTRICT

OUR SCHOOLS. OUR COMMUNITY. OUR **PRIDE**.

December 1st 2013

To President Cochrane, Members of the Board of Directors, and patrons of the Fort Dodge Community School District:

It is indeed my pleasure to submit to you the Comprehensive Annual Financial Report (CAFR) for the Fort Dodge Community School District for the fiscal year ended June 30, 2013. The report has been prepared to conform to guidelines recommended by the Association of School Business Officials (ASBO) International and the Government Finance Officers Association (GFOA) of the United States and Canada.

Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the District. To the best of our knowledge and belief, the enclosed information is fairly stated in all material respects and is presented in a manner which sets forth the financial position and results of operations of the various funds of the District in accordance with generally accepted accounting principles, (GAAP). It includes all District funds. All disclosures necessary to enable a reader to gain maximum understanding of the District's financial activities have been included.

The 2013 Comprehensive Annual Financial Report is presented in four sections: Introductory, Financial, Statistical, and Single Audit. The Introductory Section includes a transmittal letter, the District's organizational chart, and a list of District officials.

The financial section consists of the independent auditor's report, Management's Discussion and Analysis, audited basic financial statements, required supplemental information, and combining and individual fund statements and schedules. The audited basic financial statements present both an overview and a broad long-term perspective of the School District as a whole in the government-wide financial statements. The Management's Discussion and Analysis presents financial highlights and information.

The Statistical Section sets forth selected unaudited financial and demographic information, and is divided into five categories, including financial trends, revenue capacity, debt capacity, demographic and economic information, and operating information, generally presented on a multi-year basis.

The single audit section contains all necessary schedules and independent auditor's reports required for the District to comply with the provisions of the Single Audit Act Amendment of 1996 and the U.S. Office of Management and Budget Circular A-133, Audits of State, Local Governments, and Non-Profit Organizations.

Management's Discussion and Analysis (MD&A) immediately follows the independent auditor's report and provides a narrative overview of the basic financial statement. The letter of transmittal is designed to complement the MD&A and should be read in conjunction with it.

Reporting Entity

This report includes all funds and account groups that are part of Fort Dodge Community School District. The District is a separate reporting entity and is not included in any other reporting entity. A seven-member elected Board of Education, serving staggered terms of four years, governs the Fort Dodge Community School District. The Board of Education is a policy-making and planning body whose decisions are carried out by school administrators. The District is subject to the general oversight of the Iowa Department of Education. This oversight generally includes an approval process that reviews compliance with standards enacted by legislative mandate.

The Fort Dodge Community School District is located in the northeast part of Webster County, IA. Located on the Bluffs of the Des Moines River centered around the city of Fort Dodge. Fort Dodge is Iowa's 20th largest city with a population of 25,206 as reported by the 2010 census. Fort Dodge traces its beginnings to 1850 when soldiers from the United States Army erected a fort at the junction of the Des Moines River and Lizard Creek. It was named after Henry Dodge, a U.S. senator from Wisconsin. The fort was abandoned in 1853 and the next year William Willams, a civilian storekeeper in Fort Dodge, purchased the land and buildings of the old fort. The town of Fort Dodge was founded in 1869. In 1872 the long and continuing history of gypsum production in Iowa started when George Ringland, Webb Vincent, and Stillman T. Meservey formed the Fort Dodge Plaster Mills to mine, grind, and prepare gypsum for commercial use. The Company constructed the first gypsum mill west of the Mississippi River, at the head of what is now Gypsum Creek.

The Fort Dodge School District is the 26th largest of Iowa's over 300 K-12 public school systems. The enrollment is approximately 3,711 students. The District provides a full range of educational services appropriate to students in early childhood, preschool, transitional kindergarten, and grades kindergarten through twelve. These services include basic, regular and enriched academic education; special education for children with special needs; vocational education; and numerous individualized programs such as specialized instruction for students at-risk and for limited-English-speaking students.

The District is composed of one high school, two intermediate schools, four elementary schools and an on-campus alternative educational program. Our early childhood learning facility houses the state four year old program and Headstart program. Student enrollment (pre-school through high school) for the 2012-13 school year was approximately 3,711 regular and special education students. The District employs approximately 600 persons of whom approximately 300 are professional staff and 300 are support staff.

The average age of our elementary buildings is 54 with our oldest elementary being built in 1912. The average age of our intermediate buildings is 86 with our oldest intermediate building being built in 1922. The district is in the process of constructing a new intermediate school building that will consolidate the two existing buildings. The district has one high school that was constructed in 1958. All of our facilities are in usable condition as we follow a preventative maintenance schedule in order to maintain the integrity of our older facilities as well as preserve all the facilities in the District.

Economic Condition and Outlook

The District is located in the Northwest quadrant of the state. Being the largest community within an hour's drive, Fort Dodge serves as the commercial center for the region. As a regional hub, Fort Dodge has several large organizations that provide stability to the local economy. Trinity Regional Medical Center, Fort Dodge Regional Airport, Iowa Central Community College, Crossroads Mall, and many big box retail stores are a few examples. As a result of shifts in industry, Fort Dodge has experienced some economic loss over the years with the closure of several meat packing plants and other manufacturing related companies. The school district has experienced declining enrollment in recent years with the loss of over 500 students in the last 10 years. However, the strong agricultural climate in recent years has led to resurgence in economic activity and business investment in the area. The development of an agricultural business park has attracted large companies such as Cargill to build a bio-fuel production facility. This project in particular has also attracted the attention of an international company who is constructing a facility for the production of amino acids used for livestock feed. FedEx is also constructing a new regional ground distribution center.

As a result of these new economic factors and the corresponding jobs that have been created, the district experienced an increase of 55 students for the 2012-2013 school year. The district continues to monitor the level of economic activity and is now projecting the rate of student enrollment decline to stop and level off with the potential for mild increases in enrollment for the next several years.

In recent years, the State of Iowa has faced an economic downturn that severely hampered its ability to fund schools at the same level as in prior years. The District has faced inadequate funding for state aid and other state-funded programs, and this was particularly demonstrated in the unprecedented 10% across the board state funding cut in the fall of 2009, the low 2% allowable growth for fiscal year 2011, and the unprecedented zero per cent allowable growth for fiscal year 2012.

Major Initiatives

The district continues to try to deal with its aging infrastructure. As a result the district decided to close down the two existing middle school buildings and build a new consolidated middle school facility. The remaining construction for the New Fort Dodge Middle School project was completed in fiscal year 2013 for a total project cost of \$35.5 million with approximately \$30 million being funded with sales tax revenue bonds and the remainder with sales tax reserves saved up over the past several years.

Long-Term Financial Planning

Unassigned fund balance in the general fund improved in fiscal year 2013 by approximately \$.203 million due to the cash reserve levied by the Board of Education to improve fund balances and financial solvency for fiscal 2013 offset by two percent allowable growth funding and enrollment decline. This increase in fund balance increased our solvency ratio from 17.11% to 18.73% which is extremely important to meet unforeseen financing requirements, fund summer operations, and to obtain higher bond ratings as the District determines its facility needs for the future with bonding.

The State of Iowa has implemented lower allowable growth, mid-year budget reductions in past years, and not provided on time funding over the last several years. With a changing district like Fort Dodge, funds need to be built up to help cover expenses of enrollment fluctuations since funding is not received until the subsequent year. With over 81% of the District's resources required for salaries and benefits, staffing efficiencies will become a priority.

Relevant Financial Policies

Since the State of Iowa funding formula is pupil driven, an increase in total spending authority occurs by increasing the number of pupils or by increasing the cost per pupil. The cost per pupil can be increased by the legislature in setting the amount of allowable growth each year. Under the law, the legislature has thirty (30) days after receiving the governor's budget recommendation to set the state percent of growth for the year following the budget year. Legislature spring 2009 set the fiscal year 2010-2011 state percent of growth. However, in the spring of 2010, the statutory requirement to establish the percentage of allowable growth increase for K-12 schools and accompanying educational funding categories for the 2011-12 school year was delayed for one year. In the spring of 2011, zero percent allowable growth was determined for fiscal year 2011-12 and two percent allowable growth for fiscal 2012-2013. However, legislature spring 2012 once again failed to set allowable growth for fiscal year 2013-2014. Allowable growth is crucial in funding the needs of our growing district.

Internal Control

Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met.

The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the evaluation of costs and benefits requires estimates and judgments by management. All internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

As a recipient of federal, state and local financial assistance, the District is also responsible for ensuring that adequate internal control is in place to ensure compliance with applicable laws and regulations related to those programs. As a part of the District's single audit, described earlier, tests are made to determine the adequacy of internal control, including that portion related to federal awards programs, as well as to determine that the District has complied with applicable laws and regulations.

Budgetary Controls

In addition, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual budget approved by the District's governing body. Activities of the General Fund, Special Revenue Funds, Enterprise Fund, Debt Service Fund and Capital Projects Fund are included in the annual budget. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the budgeted amount) is established by function and encompasses all fund types. To facilitate the monitoring of the legal provisions, and to provide more complete information to interested parties, the District prepares a more detailed budget for each fund. The District also maintains an encumbrance accounting system as one technique of accomplishing budgetary control.

As demonstrated by the statements and schedules included in the Management's Discussion and Analysis included in the financial section of this report, the District continues to meet its responsibility for sound financial management.

Risk Management

The District carries commercial insurance coverage for general liability, auto, property, errors and omissions, excess umbrella coverage, and workers' compensation. The District manages a self-funded insurance plan for its employee dental insurance program.

Cash Management

Cash temporarily idle during the year was invested in Iowa School Joint Investment Trust and money market accounts with approved depositories who offered favorable interest rates. In addition, banking services were bid in the fall of 2009 resulting in a no-fee banking service agreement for the district.

Independent Audit

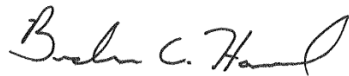
The Code of the State of Iowa requires an annual independent audit of the District to be performed by an accounting firm selected in a competitively bid process. The audit for the year ended June 30, 2013 was prepared by Hunt & Associates, P.C. The annual audit meets the requirements of the Code of Iowa, generally accepted auditing standards and the requirements of the 1996 Amendment to the Single Audit Act, and related OMB Circular A-133. The auditor's report on the general-purpose financial statements and combining and individual fund statements is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in a separate section for internal controls and compliance.

Acknowledgements

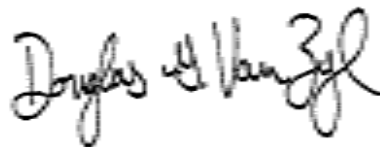
The preparation of this report could not be accomplished without the dedicated service and contributions of all necessary departments and personnel, as well as advice from our auditors, Hunt & Associates. Finally, we would like to thank the Board of Education for their continued commitment to conducting the financial operations of the District with the highest level of responsibility and professionalism.

We are pleased to present this report of the results of the District's financial operation for the fiscal year ended June 30, 2013. It is our hope that study and review of this report will provide a better understanding of the District's financial operation.

Respectfully submitted,



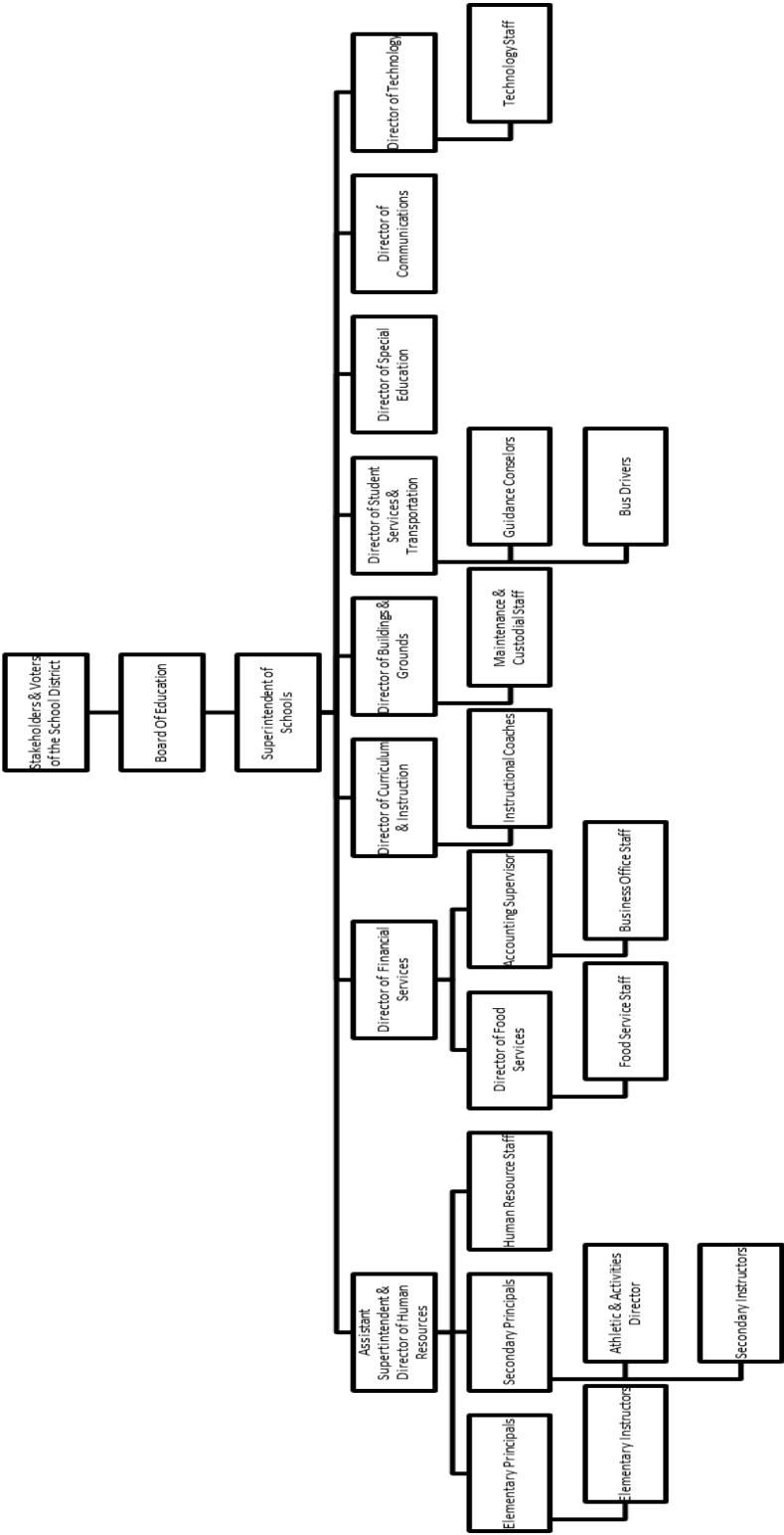
Brandon C. Hansel, SBO
Director of Financial Services



Dr. Douglas G. Van Zyl
Superintendent of Schools

Fort Dodge Community School District

Organizational Chart



FORT DODGE COMMUNITY SCHOOL DISTRICT

Board of Education and School District Administration

<u>Name</u>	<u>Position</u>	<u>Term Expires</u>
Board of Education (Prior to September 2013 Election)		
Stuart Cochrane	President	2013
Brian Forsythe	Vice President	2013
Bill Kent	Board Member	2015
Jan Merz	Board Member	2013
Deb Peterson	Board Member	2015
Kevin Rogers	Board Member	2015
Matthew Wagner	Board Member	2015
(After September 2013 Election)		
Stuart Cochrane	President	2017
Brian Forsythe	Vice President	2017
Bill Kent	Board Member	2015
Lisa Shimkat	Board Member	2017
Steve Springer	Board Member	2015
Kevin Rogers	Board Member	2015
Matthew Wagner	Board Member	2015
School District Administration		
Dr. Douglas Van Zyl	Superintendent of Schools	
Robert Hughes	Assistant Superintendent of Schools & Director of Human Resources	
Brandon Hansel	Director of Financial Services	
Dr. Sue Wood	Director of Curriculum & Instruction	
Brenda Janssen	Director of Food Services	
Travis Filloon	Director of Buildings & Grounds	
Lis Ristau	Director of Special Education	
Jeremy Pearson	Director of Technology	
Marcy Harms	Director of Student Services & Transportation	
Jennifer Lane	Director of Communications	
Dave Keane	High School Principal	

FORT DODGE COMMUNITY SCHOOL DISTRICT

Board of Education and School District Administration

School District Administration (continued)

Ed Birnbaum	High School Associate Principal
Kevin Astor	High School Associate Principal
Tom Kinseth	Athletic Director
Joseph Libby	Middle School Principal
Mark Johnson	Middle School Associate Principal
Jennifer Willand	Middle School Associate Principal
Mike Woodall	Butler Elementary Principal
Bruce Hartley	Cooper Elementary Principal
Pat Reding	Duncombe Elementary Principal
Ryan Flaherty	Feelhaber Elementary Principal
Lis Ristau	Riverside Elementary Principal

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Financial Section

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INDEPENDENT AUDITOR'S REPORT

To the Board of Education of
Fort Dodge Community School District:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Fort Dodge Community School District, Fort Dodge, Iowa, as of and for the year ended June 30, 2013 and the related notes to the financial statements, which collectively comprise the District's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles. This includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Fort Dodge Community School District as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information and the Schedule of Funding Progress for the Retiree Health Plan on pages 20 through 32 and 72 through 74 be represented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Fort Dodge Community School District's basic financial statements. The supplementary information included in Schedules 1 through 7 and, on pages 124 through 125, the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financials statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Information

Our audit was conducted for the purpose of forming an opinion on the basic financial statements as a whole. The introductory section and statistical section as listed in the table of contents are presented for purposes of additional analysis and are not required parts of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated November 27, 2013 on our consideration of Fort Dodge Community School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Fort Dodge Community School District's internal control over financial reporting and compliance.

Oskaloosa, Iowa
November 27, 2013

Hunt & Associates, P.C.

Fort Dodge Community School District

Management Discussion and Analysis

This section of the Fort Dodge Community School District's annual financial report presents our discussion. Since all activities are required to be reported on a full accrual basis, a comprehensive comparison to the prior year has been made as is required to provide comparison of key current year data to prior year data. (Please refer to Table A-1 for comparison of the fiscal years.) Please read this analysis in conjunction with the District's financial statements, which immediately follow this section.

Financial Highlights

- The District's net position in fiscal year 2013 increased 6.18 percent to \$36.206 million. The Governmental Activities net position increased 6.22 percent, while the business type activities net position increased 3.8 percent. (See Table A-1) Overall revenues were \$47.219 million, and expenses were \$45.112 million.
- During fiscal year 2013 the District completed a major upgrade to the plumbing infrastructure at the Senior High School, which was funded by the Capital Projects Fund. The cost of the project was \$150,699. The District also spent \$524,204 on the Senior High student center renovation and roof replacement, \$33,049 on the Senior High alternative education classroom renovation, and \$59,307 on the Feelhaver Elementary air conditioning project--all funded by dollars from the Capital Projects Fund. At the end of the fiscal year the outstanding balance on the loan from the Capital Projects Fund to the Physical Plant and Equipment Fund was \$141,585 for the Dodger Stadium Turf Replacement Project. As the pledges are paid to the District through the Physical Plant and Equipment Fund, the loan from the Capital Projects Fund is reduced and eventually will be paid off in its entirety.
- A continued low level in market interest rates resulted in the General Fund interest income decreasing from \$51,245 in fiscal year 2012 to \$41,554 in fiscal year 2013. Total District interest earnings were \$120,762. Interest rates have continued to remain at low levels for the past several years as Federal Reserve policy remains targeted toward a low rate environment.
- The General Fund ending unassigned fund balance increased from \$6.724 million in fiscal year 2012 to \$6.927 million in fiscal year 2013.
- The self insured dental internal service fund incurred a net gain of \$67,873. The District had a balance of \$240,580 at the end of the fiscal year, which is over ten months' worth of reserves. The premium levels will need to be adjusted for future years to maintain the necessary reserves.
- The District Statement of Net Position indicates an unrestricted net balance of \$3.766 million at the end of the 2013 fiscal year, which is up from \$3.105 million at the end of the 2012 fiscal year. This is a 21.29 percent increase from the previous year. This is due to a variety of factors including property and other taxes levied as well as the increases in state and local revenues not restricted to any specific purpose.

- The District revenues decreased 3.44 percent in the 2013 fiscal year compared to a .16 percent increase in the 2012 fiscal year, while the District expenses decreased 1.42 percent in the 2012 fiscal year compared to 2.96 percent increase in the 2012 fiscal year. Please refer to Table A-2 for a breakdown of the revenues and expenses.
- The Fort Dodge Community School District certified enrollment count taken on October 1, 2012, was 3,711.8. This count represents an increase of 55.4 students from the prior year. This is the first year in the past 10 years that there has been an enrollment increase. The historic enrollment trend for the District has been downward, however, recent local economic development has provided job growth in the area which can be attributed to the enrollment increase.
- The 2013 special education program ended the year with a deficit balance of \$295,624. The balance in fiscal year 2012 was a deficit \$222,976.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts--management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *government-wide financial statements* (Statement of Net Position and Statement of Activities) that provide both *short-term* and *long-term* information about the District's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the District, reporting the District's operations in *more detail* than the government-wide statements.
- The *governmental funds statements* tell how *basic* services like regular and special education were financed in the *short term* as well as what remains for future spending.
- *Proprietary funds* statements offer *short-* and *long-term* financial information about the activities the District operates *like businesses*, such as food services.

The financial statements also include *notes* that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the financial statements with a comparison of the District's budget for the year. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

Figure A-1

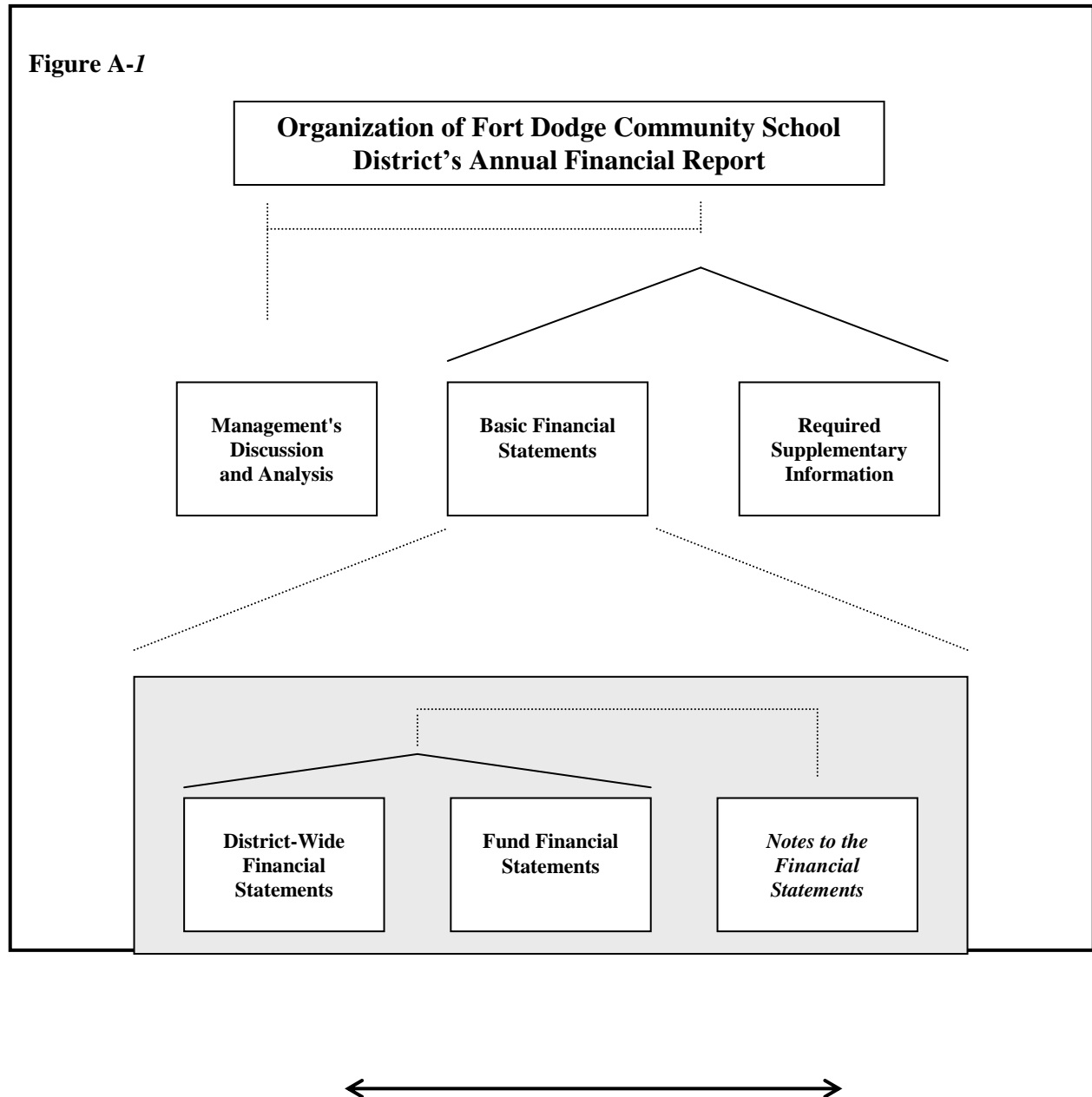


Figure A-2 on the next page summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

Figure A-2
Major Features of Government-Wide and Fund Financial Statements

	District-wide Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District	The activities of the District that are not proprietary, such as special education and building maintenance	Activities the District operates similar to private businesses: school nutrition and the medical self insurance internal service fund included here	Instances in which the District administers resources on behalf of someone else, such as scholarship programs and student activities monies
Required financial statements	Statement of net position Statement of activities	Balance sheet Statement of revenues, expenditures, and changes in fund balances	Statement of net position Statement of revenues, expenses, and changes in fund net position Statement of cash flows	Statement of fiduciary net position Statement of changes in fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

District-wide Statements

The Government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes *all* of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two Government-wide statements report the District's *net position* and how they have changed. Net position— the difference between the District's assets and liabilities – are one way to measure the District's health or *position*.

- Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the overall health of the District, you need to consider additional non-financial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

In the Government-wide financial statements, the District's activities are divided into two categories:

- *Governmental activities*—Most of the District's basic services are included here, such as regular and special education, transportation, and administration. Property taxes and state aid finance most of these activities.
- *Business-type activities*—The District charges fees to help it cover the costs of certain services it provides. The District's food service program is included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's *funds*, focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by state law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes (such as repaying its long-term debts) or to show that it is properly using certain revenues (such as federal grants).

The District has three kinds of funds:

- *Governmental funds* - Most of the District's basic services are included in governmental funds, which generally focus on (1) *how cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the District-wide statements, we provide additional information with the governmental funds statements that explain the relationship (or differences) between them.
- *Proprietary funds* - Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the District-wide statements. —The District's *enterprise fund*, school nutrition (one type of proprietary fund), is the same as its business-type activities, but provides more detail and additional information, such as cash flows. —*Internal service funds* (the other kind of proprietary fund) are used to report activities that provide supplies and services for the District's other programs and activities. The District currently has two internal service funds which handle the Flexible Spending Account and the Self Funded Dental Account.
- *Fiduciary Funds* – These account for funds held in trust for outside parties and are for the benefit of private persons or groups. Fiduciary Funds include the Private-Purpose Trust Fund.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position. Table A-1 below provides a comparison of the District's net position as of June 30.

Table A-1							
Condensed Statement of Net Position							
	Governmental		Business-type		Total		Percentage
	Activities		Activities		School District		Change
	2012	2013	2012	2013	2012	2013	2012-13%
Current and other assets	\$49,713,814	\$38,046,174	\$566,630	\$591,250	\$50,280,444	\$38,637,424	-23.16%
Capital assets	\$39,820,649	\$53,499,640	\$208,006	\$178,000	\$40,028,655	\$53,677,640	34.10%
Total Assets	\$89,534,463	\$91,545,814	\$774,636	\$769,250	\$90,309,099	\$92,315,064	2.22%
Long-term debt outstanding	\$35,802,081	\$35,997,943	\$0	\$0	\$35,802,081	\$35,997,943	0.55%
Other liabilities	\$20,225,480	\$19,956,781	\$182,407	\$154,181	\$20,407,887	\$20,110,962	-1.45%
Total liabilities	\$56,027,561	\$55,954,724	\$182,407	\$154,181	\$56,209,968	\$56,108,905	-0.18%
Net Position							
Invested in capital assets, net of related debt	\$26,278,268	\$23,146,756	\$208,006	\$178,000	\$26,486,274	\$23,324,756	-11.94%
Restricted	\$4,508,274	\$9,115,843	\$0	\$0	\$4,508,274	\$9,115,843	102.20%
Unrestricted	\$2,720,360	\$3,328,491	\$384,223	\$437,069	\$3,104,583	\$3,765,560	21.29%
TOTAL NET POSITION	\$33,506,902	\$35,591,090	\$592,229	\$615,069	\$34,099,131	\$36,206,159	6.18%

The District's combined net position was larger on June 30, 2013, than the year before--increasing 6.18% to \$36.206 million. (See Table A-1). Most of this change in the District's financial position came from its governmental activities, the net position of which grew \$2.084 million to \$35.591 million. The net position of the District's business-type activities increased 3.86% to \$6.15 million.

The District's financial position is the product of many factors. The various sources of tax revenue, grants, and charges for services exceeded related expenditures. The one percent local option sales tax funding the Capital Projects Fund has been especially helpful to the District. The \$3.179 million sales tax revenue received is exclusively used for capital projects, which will be expensed as depreciation over many years on the Statement of Activities.

Cash and pooled investments total \$21.815 million or 23.63% of total assets, down from 37.2% from fiscal 2012. \$10.498 million of these cash balances are needed at June 30th of each year to fund the District general fund operations in July, August, and the first half of September, when there is very little state aid or property tax revenue. \$4.674 million of cash and investments is dedicated to future capital project investments. This cash will be used for the continued renovation projects yet to be completed at the Senior High School as well as other District projects now that the District passed a new Revenue Purpose Statement in September of 2008.

U.S. Generally Accepted Accounting Principles (GAAP) requires that the property taxes certified in April (the lien date) for the upcoming fiscal year be accrued as a receivable and shown as unearned revenue liability. The future property tax receivable of \$13.789 million and related unearned revenue liability on the Statement of Net Position result from this requirement. Net property and equipment (capital assets) of \$53.678 million represents 58.15% of total assets for the 2013 fiscal year compared with \$40.028 million and 44.32% of total assets for the 2012 fiscal year.

Changes in Statement of Activities

Table A-2 recasts the Statement of Activities into a traditional revenue and expenses format. Unrestricted state aid accounts for 36.21% of total revenue, and property tax accounts for 28.50% for the 2013 fiscal year, compared with 36.07% and 27.75%, respectively, for the 2012 fiscal year. Specific categorical grants and contributions from state, federal, and private sources account for 20.21% of revenue for the 2013 fiscal year compared with 18.73% for the 2012

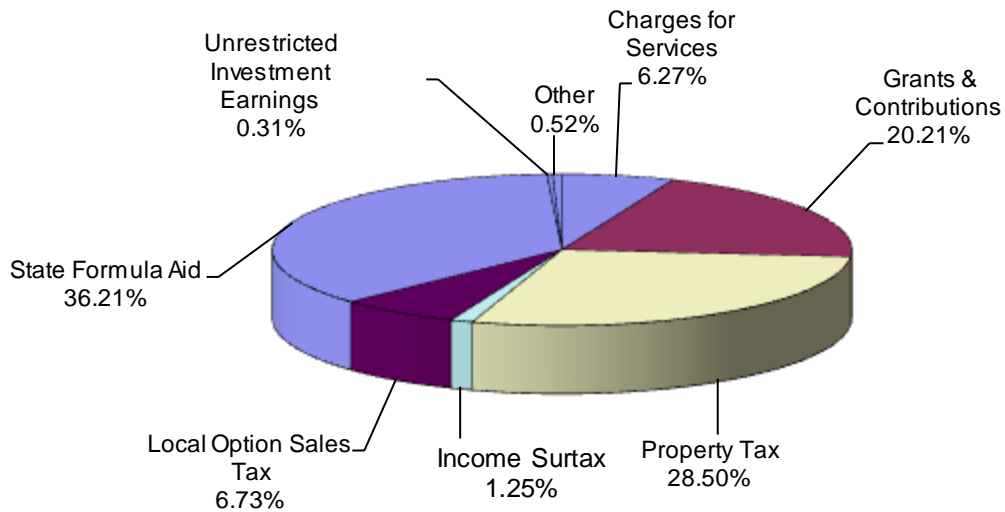
fiscal year. The local option sales tax dedicated to school infrastructure totals 6.73% for 2013 compared with 6.44% for the 2012 fiscal year. The charges for services, mainly tuition and student co-curricular activities, account for 6.27% for the 2013 fiscal year compared with 6.84% for the 2012 fiscal year. (See Figure A-2).

Of the District's expenses for 2013, 58.80% are predominately related to the instruction of students, compared with 59.15% for 2012. The support services, non-instructional programs, facilities acquisition, and unallocated depreciation categories account for 35.07% for 2013 compared with 35.13% of expenses for 2012. (See Figure A-4). These categories contain many line items directly supporting students and instruction, such as guidance, health, media, technology, improvement of instruction, and student transportation and food service program costs and depreciation expense not directly allocated to any functional area.

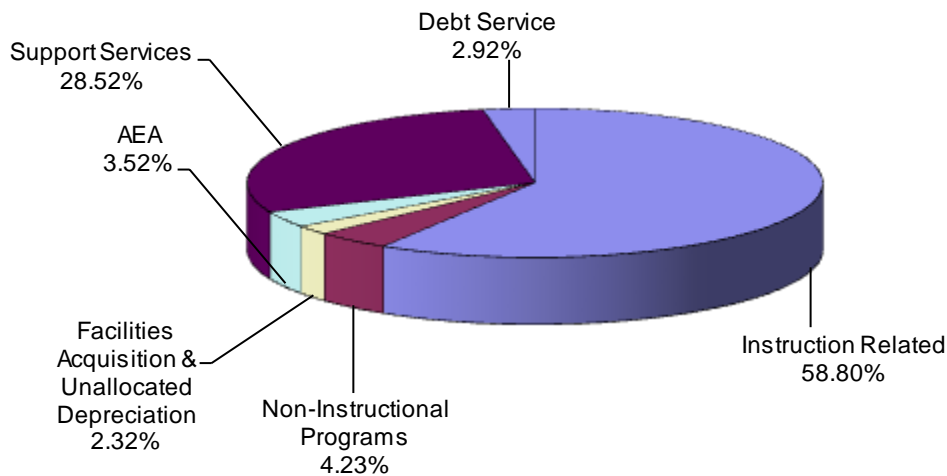
Operations and maintenance and building administration are also significant in the support services area. The State of Iowa by formula funds local school Districts for the services of area education agencies and then pays these dollars directly to the agency.

Table A-2 Changes in District's Activities							
	Governmental Activities		Business-type Activities		Total School District		Percentage Change
	2012	2013	2012	2013	2012	2013	2012-13%
Revenues							
Program Revenues:							
Charges for services	2,664,498	2,298,253	680,663	662,130	\$3,345,161	\$2,960,383	-11.50%
Operating Grants & Contributions	7,818,208	8,210,896	1,300,040	1,320,198	\$9,118,248	\$9,531,094	4.53%
Capital Grants & Contributions	44,760	11,495	0	0	\$44,760	\$11,495	-74.32%
General Revenues:							
Property Taxes -General	13,573,867	12,561,620	0	0	\$13,573,867	\$12,561,620	-7.46%
Income Surtax	584,010	589,334	0	0	\$584,010	\$589,334	0.91%
Local Option Sales Tax	3,148,552	3,178,566	0	0	\$3,148,552	\$3,178,566	0.95%
Property Tax - Capital Outlay	858,151	897,211	0	0	\$858,151	\$897,211	4.55%
State formula aid	17,640,717	17,095,868	0	0	\$17,640,717	\$17,095,868	-3.09%
Unrestricted Investment Earnings	90,004	144,842	2,354	1,807	\$92,358	\$146,649	58.78%
Other	494,446	247,048	0	0	\$494,446	\$247,048	-50.04%
Total Revenues	\$46,917,213	\$45,235,133	\$1,983,057	\$1,984,135	\$48,900,270	\$47,219,268	-3.44%
Expenses							
	2012	2013	2012	2013	2012	2013	2012-13%
Instruction	27,068,019	26,524,935	0	0	\$27,068,019	\$26,524,935	-2.01%
Student Services	1,948,544	1,883,569	0	0	\$1,948,544	\$1,883,569	-3.33%
Instructional Staff Services	2,702,515	2,577,114	0	0	\$2,702,515	\$2,577,114	-4.64%
Administrative & Business	4,028,872	3,906,223	64,175	60,947	\$4,093,047	\$3,967,170	-3.08%
Maintenance & Operations	3,125,868	3,227,015	0	0	\$3,125,868	\$3,227,015	3.24%
Transportation	1,215,745	1,211,024	0	0	\$1,215,745	\$1,211,024	-0.39%
Non-Instructional Programs	8,273	9,213	1,918,036	1,900,348	\$1,926,309	\$1,909,561	-0.87%
Facilities Acquisition	153,475	0	0	0	\$153,475	\$0	-100.00%
Long-term debt interest & fiscal charges	1,046,538	1,315,095	0	0	\$1,046,538	\$1,315,095	25.66%
AEA Flowthrough	1,573,604	1,589,663	0	0	\$1,573,604	\$1,589,663	1.02%
Depreciation (Unallocated)	906,801	907,094	0	0	\$906,801	\$907,094	0.03%
Total Expenses	\$43,778,254	\$43,150,945	\$1,982,211	\$1,961,295	\$45,760,465	\$45,112,240	-1.42%
Increase (decrease) in net position	\$3,138,959	\$2,084,188	\$846	\$22,840	\$3,139,805	\$2,107,028	-32.89%

**Figure A-3
District Revenues
Fiscal Year 2013**



**Figure A-4
District Expenses
Fiscal Year 2013**



Governmental Activities

Revenues for governmental activities were \$45.235 million, while expenses amounted to \$43.151 million for 2013, compared with \$46.917 million and \$43.778 million for 2012. The District does need to watch expenses to match as closely as possible with available revenues--the percentage decrease in expenses (1.43 percent) was less than the revenue

percentage decrease (3.59 percent). The reasons for this change are attributed to decreases in property tax revenue, charges for services, and state aid. Expenses decreased in the Instruction, Student Services, Instructional Staff Services, Administrative and Business, and Transportation categories. Expenses increased in the Maintenance & Operations, Non-Instructional, and long-term debt categories. (See Table A-2).

Table A-3 presents the cost of seven major District activities: instruction, pupil and instructional services, administration and business, maintenance and operations, transportation, long-term debt, fiscal charges, and other. The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden that was placed on the District's taxpayers by each of these functions.

Table A-3 - Cost of Seven Major District Activities

	Total & Net Cost of Governmental Activities					
	Total Cost		Percentage	Net Cost		Percentage
	of Services			of Services		
	2012	2013	2012-13%	2012	2013	2012-13%
Instruction	27,068,019	26,524,935	-2.01%	19,295,933	19,203,925	-0.48%
Pupil & Instructional Svcs	4,651,059	4,460,683	-4.09%	3,666,699	3,046,136	-16.92%
Administrative & Business	4,028,872	3,906,223	-3.04%	4,028,872	3,906,223	-3.04%
Maintenance & Operations	3,125,868	3,227,015	3.24%	3,035,534	3,109,395	2.43%
Transportation	1,215,745	1,211,024	-0.39%	1,153,423	1,144,715	-0.75%
Other	3,688,691	3,821,065	3.59%	2,070,327	2,219,907	7.22%
TOTAL	\$43,778,254	\$43,150,945	-1.43%	\$33,250,788	\$32,630,301	-1.87%

- The cost of all governmental activities this year was \$43.151 million.
- Some of the cost (\$2.298 million) was financed by users of the District's programs.
- The federal and state governments and private contributors subsidized certain programs with grants and contributions of \$8.222 million.
- Most of the District's costs (\$32.630 million) were financed by District taxpayers and the taxpayers of our state.
- The net cost portion of governmental activities was financed with \$13.459 million in property taxes, \$.589 million in income surtax, \$17.095 million in unrestricted state aid, \$3.179 million in local option sales taxes, and \$.392 million in interest and miscellaneous income.

Business - Type Activities

Revenues of the District's business-type activities (school nutrition services) were comprised of charges for the daily lunch and breakfasts, and federal and state reimbursements.

- During the 2013 fiscal year the amount of excess revenue was \$22,840 compared to \$846 for the 2012 fiscal year. Revenues did increase .05% to \$1,984,135, while expenses decreased 1.05% to \$1,961,295.
- During the 2006-2007 fiscal year the District outsourced the food service employees to Taher, Inc. We have completed the seventh year under this arrangement, and it continues to work well for the District.
- Lunch prices increased this year by 10 cents in both student categories. The increase is due to the federally mandated lunch pricing equity guidelines and the rising costs of food.
- Purchased services for the 2013 year were \$894,193 compared with \$906,287 for the 2012 year, a decrease of 1.33%. This category now includes the cost of personnel, as these services are now outsourced. Supplies for the 2013 fiscal year were \$984,490 compared with the 2012 year for which they were \$985,126, a decrease of .06%.

Financial Analysis of the District's Funds

The financial performance of the District as a whole is reflected in its governmental funds as well. (Refer to the Statement of Revenues, Expenditures and Changes in Fund Balances—Governmental Funds.) As the District completed the year, its governmental funds reported combined fund balances of \$19.201 million—37.98% lower than the prior year's ending fund balance of \$30.960 million. The biggest reason for the decrease in the Governmental Fund Balance is due to the use of sales tax revenue bond proceeds for the construction of the new Middle School building.

The District's General Fund financial position increased to \$8,300,542 at June 30, 2013 from \$8,201,048 at June 30, 2012, representing a 1.21% increase. This increase is primarily due to cash reserve levy.

The Special Revenue/Management fund balance increased to \$1,013,502 at June 30, 2013 from \$489,450 at June 30, 2012. This increase is due to an increase in the amount of money levied in the Management fund for FY13.

The Capital Projects fund balance decreased to \$5,172,608 at June 30, 2013 from \$18,014,191 at June 30, 2012. This decrease is due to the expenditure of sales tax revenue bond proceeds on the new Middle School construction.

The Debt Service fund balance increased to \$4,372,959 at June 30, 2013 from \$939,780 at June 30, 2012. This increase is reflecting the servicing of the sales tax revenue bonds.

In FY13 the enterprise fund (School Nutrition) showed a net gain of \$22,840. This was the eighth year in a row for gains in the School Nutrition Fund. This increase was more than the previous year's net gain of \$846. The biggest reason for this change was a reduction in expenditures from the 2011-2012 fiscal year to the 2012-2013 fiscal year.

Budgetary Highlights

- The District levied \$1,000,000 for cash reserve in the 2013 fiscal year, down from \$2,088,065 in the 2012 fiscal year. This is a decrease of 52.11%. The cash reserve amount will vary based on the District's needs, especially depending on the special education deficit, the amount requested from the School Budget Review Committee for asbestos and safety projects, and the District's requirements for sufficient cash balances for cash flow needs.
- Budgeted expenditures include both unspent spending authority from the prior year and general fund revenues.

During fiscal year 2013 District expenditures did not exceed the amounts budgeted in any functional category.

- The District's budget versus actual results was within acceptable management planning parameters. The final revenue variance was \$855,668 for the 2013 fiscal year compared with 1,312,959 for the 2012 fiscal year, a decrease of \$457,291. The final expenditure variance was \$7,505,751 for the 2013 fiscal year compared with \$8,067,186 for the 2012 fiscal year. This is a decrease of \$561,435 from the 2012 fiscal year to the 2013 fiscal year.
- The 2013 special education deficit was (\$295,623.92) The balance in fiscal year 2012 was (\$222,975.59). The main reason for the deficit balance was the decrease in Medicaid reimbursements from the Federal Government and State Special Education District Cost revenue.
- See the Budgetary Comparison Schedule of Revenues, Expenditures/Expenses and Changes in Balances-Budget and Actual – All Governmental Funds and Proprietary Fund in the Required Supplementary Information section.

Capital Asset and Debt Administration

Capital Assets

By the end of FY13, the District had invested \$53.678 million (net accumulated depreciation of \$21.262 million) in a broad range of capital assets, including school buildings, athletic facilities, maintenance and administrative buildings, computer and audiovisual equipment, maintenance equipment, school buses, library holding, and textbooks. This amount represents a net 34.10% increase from last year. (More detailed information about capital assets can be found in Note 6 to the financial statements). Total depreciation expense for the year was \$1.252 million.

During fiscal year 2013 the District completed a major upgrade to the plumbing infrastructure at the Senior High School, which was funded by the Capital Projects Fund. The cost of the project was \$150,699. The District also spent \$524,204 on the Senior High student center renovation and roof replacement, \$33,049 on the Senior High alternative education classroom renovation, and \$59,307 on the Feelhaver Elementary air conditioning project--all funded by dollars from the Capital Projects Fund. At the end of the fiscal year the outstanding balance on the loan from the Capital Projects Fund to the Physical Plant and Equipment Fund was \$141,585 for the Dodger Stadium Turf Replacement Project. As the pledges are paid to the District through the Physical Plant and Equipment Fund, the loan from the Capital Projects Fund is reduced and eventually will be paid off in its entirety.

During the 2013 fiscal year the District continued construction of a new middle school and is continuing to pursue the disposal of the two existing middle school buildings. These changes will make progress toward upgrading the District's physical plant.

Table A-4
Capital Assets (net of depreciation)

	Governmental		Business-type		Total		Total
	Activities		Activities		School District		Percentage
	2012	2013	2012	2013	2012	2013	2012-13%
Land	2,231,473	2,231,473	0	0	2,231,473	2,231,473	0.00%
Construction In Progress	18,247,735	32,073,951	0	0	18,247,735	32,073,951	75.77%
Buildings	17,310,256	17,216,487	0	0	17,310,256	17,216,487	-0.54%
Improvements other than buildings	523,591	486,690	0	0	523,591	486,690	-7.05%
Equipment & Furniture	1,507,594	1,491,039	208,006	178,000	1,715,600	1,669,039	-2.71%
TOTAL	\$39,820,649	\$53,499,640	\$208,006	\$178,000	\$40,028,655	\$53,677,640	34.10%

Long-Term Liabilities

At year end the District had \$35.998 million in long-term obligations outstanding—an increase of .55% from last year, as shown in Table A-5. (More detailed information about the District's long-term liabilities is presented in Note 7. Note 8 to the financial statements explains Other Post Employment Benefits—OPEB—that affected the District beginning in the 2009 fiscal year.)

Table A-5			
District's Outstanding Long-Term Liabilities			
	Governmental Activities		Total Percentage Change
	2012	2013	2012-13
Early Retirement & Other Compensated Absences	4,543,081	4,552,943	0.22%
Revenue Bonds	30,495,000	30,495,000	0.00%
Net OPEB Liabilities	764,000	950,000	24.35%
TOTAL	\$35,802,081	\$35,997,943	0.55%

- The District increased its Early Retirement and Other Compensated Absences liability by \$9,862 during the year and increased the OPEB liability by \$186,000 for a total increase of \$195,862. The District issued \$30.495 million in revenue bonds during the 2012 fiscal year.

Factors Bearing on the District's Future

At the time these financial statements were prepared and audited, the District was aware of eight existing circumstances that could significantly affect its financial health in the future:

- Even though the District is the twenty-sixth largest in the state in terms of students, it has one of the lowest ratios of taxable property value per student. This tends to raise property tax levies per thousand dollars of valuation to the higher end. Local property tax sensitivity has developed. In order to develop an effective education budget, the District needs to rely partially on the property tax levy.
- The age of the District's five older elementary schools is a concern to the District. In order to deliver a modern education program using new technology and in order to control maintenance and safety costs, new elementary schools will need to be carefully examined and either replaced or added on to and updated. In 2008 the legislature adopted a statewide one cent sales tax for school infrastructure, which replaced the county-wide one half cent voted for the 10-year period that expired in July, 2009. This new school infrastructure funding mechanism will be in place until 2029 and will help the District provide for its long-term facility needs. The District has also completed a comprehensive building feasibility study to address these needs. The District has developed its building priority needs and will explore the options in 2013 and beyond.
- The District's primary source of revenue is the state of Iowa school aid formula. The allowable growth to schools was 2% for fiscal year 2013. Costs of providing a quality education program are rising faster than 2%. Teacher settlements alone over the past several years are in the 3.5% - 4.5% range. If future allowable growth increases do not keep pace with expenditures, the District will have to make the necessary re-alignments in its educational delivery system to come into line with allowable growth.

- More than 80 percent of the general fund budget is salaries and benefits. Iowa law requires that unsettled salary negotiations for teachers go to mandatory arbitration. Invariably, arbitrated settlements are higher than current levels of allowable growth in funding. Education budgets are then squeezed. A solution needs to be found.
- The District's unspent budget authority decreased slightly during the 2013 fiscal year and is projected to increase for the 2014 fiscal year as more spending efficiencies are found.
- One of the key elements of the state of Iowa school aid formula is certified enrollment. Enrollment has decreased 8.2% during the last five years. When enrollment drops it means less state aid. Stability or even increases in enrollment are critical to maintaining a solid financial picture.
- The voter approved piece of the Physical Plant and Equipment Levy is set to expire in FY14. Currently the voted PPEL is .67 per \$1,000 of taxable valuation. During FY13 the District took action to authorize an election to ask the voters for an increase of the levy to the statutory maximum of \$1.34. The voters approved an increase to the PPEL to the statutory maximum of \$1.34 per \$1,000 of taxable valuation for the future.
- The Instructional Support Levy is set to expire in FY14. Currently the levy is funded through a mix of property tax and income surtax and stands at 8% of the regular program. During FY 13 the board of education took action to renew the levy for a period of 5 years at the statutory maximum level of 10% of the District's regular program budget.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Brandon Hansel, Board Treasurer/Director of Financial Services, Fort Dodge Community School District, Central Administration Building, 104 South 17th Street, Fort Dodge, Iowa, 50501 (Phone number: 515-574-5644, Fax number: 515-574-5322, or bhansel@fdschools.org).

Basic Financial Statements

FORT DODGE COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET POSITION
June 30, 2013

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and pooled investments	\$ 21,234,407	\$ 580,326	\$ 21,814,733
Receivables:			
Property tax:			
Current year	103,728	-	103,728
Succeeding year	13,789,012	-	13,789,012
Income surtax	596,956	-	596,956
Accounts	257,828	-	257,828
Due from other governments (note 4)	1,505,141	-	1,505,141
Inventories	-	10,924	10,924
Prepaid expenses	53,393	-	53,393
Deferred charges	505,709	-	505,709
Capital assets not being depreciated:			
Land	2,231,473	-	2,231,473
Construction in progress	32,073,951	-	32,073,951
Capital assets being depreciated, net of accumulated depreciation:			
Buildings	17,216,487	-	17,216,487
Land improvements	486,690	-	486,690
Machinery and equipment	1,491,039	178,000	1,669,039
Total assets	91,545,814	769,250	92,315,064

FORT DODGE COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET POSITION
June 30, 2013

	Governmental Activities	Business-type Activities	Total
Liabilities			
Accounts payable	\$ 90,203	\$ 143,980	\$ 234,183
Salaries and benefits payable	3,112,842	-	3,112,842
Due to other governments	510,119	-	510,119
Accrued interest payable	705,375	-	705,375
Deferred revenue:			
Succeeding year property tax	13,789,012	-	13,789,012
Other	-	10,201	10,201
Bond premium	1,749,230	-	1,749,230
Long-term liabilities (note 7):			
Portion due within one year:			
Early retirement	625,459	-	625,459
Bonds payable	1,235,000	-	1,235,000
Compensated absences	351,328	-	351,328
Portion due after one year:			
Early retirement	620,428	-	620,428
Bonds payable	29,260,000	-	29,260,000
Compensated absences	2,955,728	-	2,955,728
Net OPEB liability	950,000	-	950,000
Total liabilities	55,954,724	154,181	56,108,905
Net Position			
Net investment in capital assets	23,146,756	178,000	23,324,756
Restricted for:			
Categorical funding	1,320,149	-	1,320,149
Physical plant and equipment levy purposes	526,490	-	526,490
Student activities	341,139	-	341,139
Debt service	3,129,438	-	3,129,438
Capital projects	3,798,627	-	3,798,627
Unrestricted	3,328,491	437,069	3,765,560
Total net position	\$ 35,591,090	\$ 615,069	\$ 36,206,159

See notes to the basic financial statements.

FORT DODGE COMMUNITY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

Year Ended June 30, 2013

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants and Contributions
Governmental Activities:				
Instruction:				
Regular instruction	\$ 15,316,734	\$ 675,707	\$ 3,035,258	\$ -
Special instruction	7,076,266	443,335	2,016,605	-
Other instruction	4,131,935	1,057,483	92,622	-
	<u>26,524,935</u>	<u>2,176,525</u>	<u>5,144,485</u>	<u>-</u>
Support services:				
Student	1,883,569	-	1,188,017	-
Instructional staff	2,577,114	-	226,530	-
Administration	3,906,223	-	-	-
Operation and maintenance of plant	3,227,015	117,620	-	-
Transportation	1,211,024	4,108	62,201	-
	<u>12,804,945</u>	<u>121,728</u>	<u>1,476,748</u>	<u>-</u>
Non-instructional programs	<u>9,213</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other expenditures:				
Facilities acquisition	-	-	-	11,495
Long-term debt interest and fiscal charges	1,315,095	-	-	-
AEA flowthrough	1,589,663	-	1,589,663	-
Depreciation (unallocated) *	907,094	-	-	-
	<u>3,811,852</u>	<u>-</u>	<u>1,589,663</u>	<u>11,495</u>
Total governmental activities	43,150,945	2,298,253	8,210,896	11,495

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-Type Activities	Total
\$ (11,605,769)	\$ -	\$ (11,605,769)
(4,616,326)	-	(4,616,326)
(2,981,830)	-	(2,981,830)
<u>(19,203,925)</u>	<u>-</u>	<u>(19,203,925)</u>
(695,552)	-	(695,552)
(2,350,584)	-	(2,350,584)
(3,906,223)	-	(3,906,223)
(3,109,395)	-	(3,109,395)
(1,144,715)	-	(1,144,715)
<u>(11,206,469)</u>	<u>-</u>	<u>(11,206,469)</u>
<u>(9,213)</u>	<u>-</u>	<u>(9,213)</u>
11,495	-	11,495
(1,315,095)	-	(1,315,095)
-	-	-
(907,094)	-	(907,094)
<u>(2,210,694)</u>	<u>-</u>	<u>(2,210,694)</u>
<u>(32,630,301)</u>	<u>-</u>	<u>(32,630,301)</u>

FORT DODGE COMMUNITY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

Year Ended June 30, 2013

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants and Contributions
Business-Type Activities:				
Support services:				
Food service operations	\$ 60,947	\$ -	\$ -	\$ -
Non-instructional programs:				
Food service operations	1,900,348	662,130	1,320,198	-
Total business-type activities	1,961,295	662,130	1,320,198	-
Total	\$ 45,112,240	\$ 2,960,383	\$ 9,531,094	\$ 11,495

General revenues:

Property tax levied for:
 General purposes
 Capital outlay
 Income surtax
 Statewide sales, services and use tax
 Unrestricted state and federal grants
 Unrestricted investment earnings
 Other

Total general revenues

Change in net position

Net position beginning of year

Net position end of year

* = This amount excludes the depreciation included
 in the direct expenses of the various programs.

See notes to the basic financial statements.

Net (Expense) Revenue
and Changes in Net Position

<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
\$ <u> -</u>	\$ <u>(60,947)</u>	\$ <u>(60,947)</u>
<u> -</u>	<u>81,980</u>	<u>81,980</u>
<u> -</u>	<u>21,033</u>	<u>21,033</u>
<u>(32,630,301)</u>	<u>21,033</u>	<u>(32,609,268)</u>
\$ 12,561,620	\$ -	\$ 12,561,620
897,211	-	897,211
589,334	-	589,334
3,178,566	-	3,178,566
17,095,868	-	17,095,868
144,842	1,807	146,649
247,048	-	247,048
<u>34,714,489</u>	<u>1,807</u>	<u>34,716,296</u>
2,084,188	22,840	2,107,028
<u>33,506,902</u>	<u>592,229</u>	<u>34,099,131</u>
\$ <u><u>35,591,090</u></u>	\$ <u><u>615,069</u></u>	\$ <u><u>36,206,159</u></u>

FORT DODGE COMMUNITY SCHOOL DISTRICT

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2013

	General	Special Revenue Management Levy	Debt Service	Capital Projects	Nonmajor	Total
Assets						
Cash and pooled investments	\$ 10,498,457	\$ 1,002,245	\$ 4,372,959	\$ 4,674,407	\$ 445,756	\$ 20,993,824
Receivables:						
Property tax:						
Current year	85,450	11,562	-	6,716	-	103,728
Succeeding year	10,702,425	2,163,356	-	923,231	-	13,789,012
Income surtax	596,956	-	-	-	-	596,956
Accounts	251,554	-	-	-	6,274	257,828
Due from other funds	86,822	672	-	-	2,490	89,984
Due from other governments (note 4)	1,002,446	-	-	502,695	-	1,505,141
Prepaid expenses	53,393	-	-	-	-	53,393
Total assets	<u>\$ 23,277,503</u>	<u>\$ 3,177,835</u>	<u>\$ 4,372,959</u>	<u>\$ 6,107,049</u>	<u>\$ 454,520</u>	<u>\$ 37,389,866</u>

FORT DODGE COMMUNITY SCHOOL DISTRICT

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2013

	General	Special Revenue Management Levy	Debt Service	Capital Projects	Nonmajor	Total
Liabilities and Fund Balances						
Liabilities:						
Accounts payable	\$ 52,434	\$ -	\$ -	\$ 11,210	\$ 26,559	\$ 90,203
Salaries and benefits payable	3,112,842	-	-	-	-	3,112,842
Due to other governments	509,142	977	-	-	-	510,119
Due to other funds (note 3)	3,162	-	-	-	86,822	89,984
Deferred revenue:						
Succeeding year property tax	10,702,425	2,163,356	-	923,231	-	13,789,012
Other	596,956	-	-	-	-	596,956
Total liabilities	<u>14,976,961</u>	<u>2,164,333</u>	<u>-</u>	<u>934,441</u>	<u>113,381</u>	<u>18,189,116</u>
Fund balances:						
Nonspendable:						
Prepaid expenses	53,393	-	-	-	-	53,393
Restricted for:						
Categorical funding (note 12)	1,320,149	-	-	-	-	1,320,149
Revenue bonds reserve fund	-	-	3,049,500	-	-	3,049,500
Debt service	-	-	1,323,459	-	-	1,323,459
Management levy purposes	-	1,013,502	-	-	-	1,013,502
Student activities	-	-	-	-	341,139	341,139
Other capital projects	-	-	-	142,116	-	142,116
School infrastructure	-	-	-	4,504,002	-	4,504,002
Physical plant and equipment	-	-	-	526,490	-	526,490
Unassigned	6,927,000	-	-	-	-	6,927,000
Total fund balances	<u>8,300,542</u>	<u>1,013,502</u>	<u>4,372,959</u>	<u>5,172,608</u>	<u>341,139</u>	<u>19,200,750</u>
Total liabilities and fund balances	<u>\$ 23,277,503</u>	<u>\$ 3,177,835</u>	<u>\$ 4,372,959</u>	<u>\$ 6,107,049</u>	<u>\$ 454,520</u>	<u>\$ 37,389,866</u>

See notes to the basic financial statements.

FORT DODGE COMMUNITY SCHOOL DISTRICT
 RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS
 TO THE STATEMENT OF NET POSITION
 June 30, 2013

Total fund balances of governmental funds	\$ 19,200,750
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Amounts reported for governmental activities in the Statement of Net Position
are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.	53,499,640
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Other long-term assets, including income surtax receivable, are not available to pay current period expenditures and, therefore, are deferred in the governmental funds.	596,956
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The Internal Service Fund net assets are directly related to the governmental funds due to the types of services provided and are, therefore, included in the statement of net position under governmental activities.	240,583
--	---------

Accrued interest payable on long-term liabilities is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds.	(705,375)
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Long-term liabilities, including bonds payable, compensated absences, and net OPEB liability, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.	<u>(37,241,464)</u>
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Net position of governmental activities	<u>\$ 35,591,090</u>
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See notes to the basic financial statements.

FORT DODGE COMMUNITY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2013

	General	Special Revenue Management Levy	Debt Service	Capital Projects	Nonmajor	Total
Revenues:						
Local sources:						
Local tax	\$ 11,683,113	\$ 1,496,180	\$ -	\$ 4,075,210	\$ -	\$ 17,254,503
Tuition	1,039,204	-	-	-	-	1,039,204
Other	765,912	32,797	37,946	85,007	968,899	1,890,561
Intermediate sources	8,368	-	-	-	-	8,368
State sources	22,007,219	979	-	567	-	22,008,765
Federal sources	3,061,994	-	-	-	-	3,061,994
Total revenues	38,565,810	1,529,956	37,946	4,160,784	968,899	45,263,395
Expenditures:						
Current:						
Instruction	24,766,415	623,369	-	-	948,029	26,337,813
Support services:						
Student	1,878,843	-	-	-	-	1,878,843
Instructional staff	2,345,132	36,509	-	345,368	-	2,727,009
Administration	3,885,371	49,218	-	32	-	3,934,621
Operation and maintenance of plant	2,999,638	196,341	-	-	-	3,195,979
Transportation	946,429	100,467	-	45,788	-	1,092,684
	12,055,413	382,535	-	391,188	-	12,829,136
Non-instructional programs	9,213	-	-	-	-	9,213
Other expenditures:						
Facilities acquisition	-	-	-	14,620,292	-	14,620,292
Long term debt:						
Interest and fiscal charges	-	-	1,645,154	-	-	1,645,154
AEA flowthrough	1,589,663	-	-	-	-	1,589,663
	1,589,663	-	1,645,154	14,620,292	-	17,855,109
Total expenditures	38,420,704	1,005,904	1,645,154	15,011,480	948,029	57,031,271
Excess (deficiency) of revenues over (under) expenditures	145,106	524,052	(1,607,208)	(10,850,696)	20,870	(11,767,876)

FORT DODGE COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2013

	General	Special Revenue Management Levy	Debt Service	Capital Projects	Nonmajor	Total
Other financing sources (uses):						
Sale of equipment	\$ 8,288	\$ -	\$ -	\$ -	\$ -	8,288
Interfund transfers in (note 5)	-	-	1,990,887	-	53,900	2,044,787
Interfund transfers out (note 5)	(53,900)	-	-	(1,990,887)	-	(2,044,787)
Total other financing sources (uses)	(45,612)	-	1,990,887	(1,990,887)	53,900	8,288
Net change in fund balances	99,494	524,052	383,679	(12,841,583)	74,770	(11,759,588)
Fund balances beginning of year	8,201,048	489,450	3,989,280	18,014,191	266,369	30,960,338
Fund balances end of year	<u>\$ 8,300,542</u>	<u>\$ 1,013,502</u>	<u>\$ 4,372,959</u>	<u>\$ 5,172,608</u>	<u>\$ 341,139</u>	<u>\$ 19,200,750</u>

See notes to the basic financial statements.

FORT DODGE COMMUNITY SCHOOL DISTRICT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES – GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

Year Ended June 30, 2013

Net change in fund balances - total governmental funds \$ (11,759,588)

Amounts reported for governmental activities in the Statement of Activities
are different because:

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are not reported in the Statement of Net Position and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. The amounts of capital outlays and depreciation expense in the year are as follows:

Expenditures for capital assets	\$ 14,900,104	
Depreciation expense	<u>(1,221,113)</u>	13,678,991

Income surtax revenue not received until several months after the District's fiscal year end is not considered available revenue and is deferred in the governmental funds. It is, however, recorded as revenue in the Statement of Activities. (36,549)

The increase in the Internal Service Fund net assets reflects an overcharge to governmental activities for the services provided. Expenses in the Statement of Activities are adjusted to reflect this overcharge. 67,137

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when due. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. 234,404

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds, as follows:

Deferred charges	(38,901)	
Amortization of bond premium	134,556	
Early retirement	42,297	
Compensated absences	(52,159)	
Net OPEB liability	<u>(186,000)</u>	<u>(100,207)</u>

Change in net position of governmental activities \$ 2,084,188

See notes to the basic financial statements.

FORT DODGE COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET POSITION
PROPRIETARY FUNDS

June 30, 2013

	Nonmajor Enterprise Fund	Internal Service Funds
Assets		
Current assets:		
Cash and cash equivalents	\$ 580,326	\$ 240,583
Inventories	10,924	-
Total current assets	<u>591,250</u>	<u>240,583</u>
Noncurrent assets:		
Capital assets, net of accumulated depreciation (note 6)	178,000	-
Total assets	<u>769,250</u>	<u>240,583</u>
Liabilities		
Current liabilities:		
Accounts payable	143,980	-
Unearned revenue	10,201	-
Total current liabilities	<u>154,181</u>	<u>-</u>
Net Position		
Invested in capital assets	178,000	-
Unrestricted	<u>437,069</u>	<u>240,583</u>
Total net position	<u>\$ 615,069</u>	<u>\$ 240,583</u>

See notes to the basic financial statements.

FORT DODGE COMMUNITY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
Year Ended June 30, 2013

	Nonmajor Enterprise Fund	Internal Service Funds
Operating revenues:		
Local sources:		
Charges for services	\$ 662,130	\$ 417,359
Operating expenses:		
Support services:		
Internal service operation:		
Benefits	-	283,788
Purchased services	-	66,948
	-	350,736
Food service operations:		
Salaries	29,580	-
Benefits	13,696	-
Purchased services	8,931	-
Other	8,740	-
	60,947	-
Non-instructional programs:		
Food service operations:		
Purchased services	885,262	-
Supplies	984,490	-
Depreciation	30,596	-
	1,900,348	-
Total operating expenses	1,961,295	350,736
Operating income (loss)	(1,299,165)	66,623
Non-operating revenues:		
Interest on investments	1,807	514
State sources	16,466	-
Federal sources	1,303,732	-
Total non-operating revenues	1,322,005	514
Change in net position	22,840	67,137
Net position beginning of year	592,229	173,446
Net position end of year	\$ 615,069	\$ 240,583

See notes to the basic financial statements.

FORT DODGE COMMUNITY SCHOOL DISTRICT

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended June 30, 2013

	Nonmajor Enterprise Fund	Internal Service Funds
Cash flows from operating activities:		
Cash received from sale of lunches and breakfasts	\$ 628,536	\$ -
Cash received from miscellaneous operating activities	59,242	417,359
Cash payments to employees for services	(43,276)	-
Cash payments to suppliers for goods or services	(1,803,888)	(350,736)
Net cash provided by (used by) operating activities	<u>(1,159,386)</u>	<u>66,623</u>
Cash flows from non-capital financing activities:		
State grants received	16,466	-
Federal grants received	1,191,366	-
Net cash provided by non-capital financing activities	<u>1,207,832</u>	<u>-</u>
Cash flows from capital and related financing activities:		
Acquisition of capital assets	<u>(590)</u>	<u>-</u>
Cash flows from investing activities:		
Interest on investments	<u>1,807</u>	<u>514</u>
Net increase in cash and cash equivalents	49,663	67,137
Cash and cash equivalents beginning of year	<u>530,663</u>	<u>173,446</u>
Cash and cash equivalents end of year	<u>\$ 580,326</u>	<u>\$ 240,583</u>

FORT DODGE COMMUNITY SCHOOL DISTRICT

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended June 30, 2013

	Nonmajor Enterprise Fund	Internal Service Funds
Reconciliation of operating income (loss) to net cash provided by (used by) operating activities:		
Operating income (loss)	\$ (1,299,165)	\$ 66,623
Adjustments to reconcile operating income (loss) to net cash provided by (used by) operating activities:		
Depreciation	30,596	-
Commodities used	112,366	-
Decrease in accounts receivable	25,872	-
(Increase) in inventories	(829)	-
(Decrease) in accounts payable	(28,002)	-
(Decrease) in deferred revenue	(224)	-
Net cash provided by (used by) operating activities	<u>\$ (1,159,386)</u>	<u>\$ 66,623</u>

Non-cash investing, capital and financing activities:

During the year ended June 30, 2013, the District received \$112,366 of federal commodities.

See notes to the basic financial statements.

FORT DODGE COMMUNITY SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET POSITION

FIDUCIARY FUNDS

June 30, 2013

	Private Purpose Trust
	<u>Scholarship</u>
Assets:	
Cash and pooled investments	\$ <u>389,159</u>
Liabilities:	
None	<u>-</u>
Net position:	
Restricted for scholarships	\$ <u><u>389,159</u></u>

See notes to the basic financial statements.

FORT DODGE COMMUNITY SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
Year Ended June 30, 2013

	<u>Private Purpose Trust</u>	<u>Scholarship</u>
Additions:		
Local sources:		
Gifts and contributions	\$ 76,773	
Interest	<u>11,547</u>	
Total additions	<u>88,320</u>	
Deductions:		
Support services:		
Scholarships awarded		<u>24,699</u>
Change in net position		63,621
Net position beginning of year		<u>325,538</u>
Net position end of year	\$	<u><u>389,159</u></u>
See notes to the basic financial statements.		

FORT DODGE COMMUNITY SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2013

Note 1. Summary of Significant Accounting Policies

The Fort Dodge Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve and special education pre-kindergarten. Additionally, the District either operates or sponsors various adult education programs. These courses include remedial education as well as vocational and recreational courses. The geographic area served includes the City of Fort Dodge, Iowa, and agricultural territory in Webster County. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

The District's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, Fort Dodge Community School District has included all funds, organizations, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on, the District. Fort Dodge Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations – The District participates in a jointly governed organization that provides services to the District but does not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the Webster County Assessor's Conference Board.

B. Basis of Presentation

Government-wide Financial Statements – The Statement of Net Position and the Statement of Activities report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for service.

The Statement of Net Position presents the District's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt attributable to the acquisition, construction or improvement of those assets.

Restricted net position results when constraints placed on net position use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

FORT DODGE COMMUNITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2013

Note 1. Summary of Significant Accounting Policies (continued)

B. Basis of Presentation (continued)

Unrestricted net assets consist of net assets that do not meet the definition of the two preceding categories. Unrestricted net assets often have constraints on resources that are imposed by management, but can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements – Separate financial statements are provided for governmental, proprietary, and fiduciary funds, even though the latter are excluded from the District-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds. Combining schedules are also included for the Capital Projects Fund accounts.

The District reports the following major governmental funds:

The General Fund is the general operating fund of the District. All general tax revenues and other revenues not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, including instructional, support and other costs.

The Special Revenue Fund, Management Levy is used to account for property taxes collected to pay property and casualty insurance premiums, unemployment insurance claims, fidelity bonds, workers' compensation insurance premiums, and early retirement incentives.

The Debt Service Fund is used to account for property tax and other revenues to be used for the payment of interest and principal on the District's general long-term debt.

The Capital Projects Fund is used to account for all resources used in the acquisition and construction of capital facilities and other capital assets.

The District's non-major proprietary funds include the Enterprise, School Nutrition Fund, which is used to account for the food service operations of the District; the Internal Service, Self-funded Dental Plan, which is used to account for the District's self-funded dental insurance plan; and the Internal Service, Flex Plan, which is used to account for the District's employee flexible benefits plan.

The District also reports fiduciary funds which focus on net position and changes in net position. The District's fiduciary funds include the following:

FORT DODGE COMMUNITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2013

Note 1. Summary of Significant Accounting Policies (continued)

B. Basis of Presentation (continued)

The Private Purpose Trust Fund is used to account for assets held by the District under trust agreements with restrictions of which require income earned to be used to benefit individuals through scholarship awards.

C. Measurement Focus and Basis of Accounting

The Government-wide financial statements and the proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

When an expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, the District's policy is generally to first apply the expenditure toward restricted fund balance and then to less-restrictive classifications – committed, assigned and then unassigned fund balances.

FORT DODGE COMMUNITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2013

Note 1. Summary of Significant Accounting Policies (continued)

C. Measurement Focus and Basis of Accounting (continued)

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's enterprise fund is charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The District maintains its financial records on the cash basis. The financial statements of the District are prepared by making memorandum adjusting entries to the cash basis financial records.

D. Assets, Liabilities and Fund Equity

The following accounting policies are followed in preparing the financial statements:

Cash, Pooled Investments and Cash Equivalents – The cash balances of most District funds are pooled and invested. Investments are stated at fair value except for the investment in the Iowa Schools Joint Investment Trust, which is valued at amortized cost, and non-negotiable certificates of deposit, which are stated at cost.

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, have a maturity date no longer than three months.

Property Tax Receivable – Property tax in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the Board of Education. Current year property tax receivable represents unpaid taxes from the current year. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget in April of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the District-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

The property tax revenue recognized in these funds becomes due and collectible in September and March of the fiscal year with a 1 ½% per month penalty for delinquent payments; is based on January 1, 2011 assessed property valuations; is for the tax accrual period July 1, 2012 through June 30, 2013 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2012.

FORT DODGE COMMUNITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2013

Note 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Fund Equity (continued)

Due From/To Other Funds – During the course of its operations, the District may have certain transactions between funds or pooled cash balances. To the extent that these transactions between funds had not been repaid or received as of June 30, 2013, balances of interfund amounts receivable or payable have been recorded in the fund financial statements. These amounts have been eliminated from the Government-wide financial statements.

Due From Other Governments – Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Prepays – Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses in both government-wide and fund financial statements on the consumption method.

Inventories – Inventories are valued at cost using the first-in, first-out method for purchased items and government commodities. Inventories of proprietary funds are recorded as expenses when consumed rather than when purchased or received.

Capital Assets – Capital assets, which include property, furniture, and equipment, are reported in the applicable governmental or business-type activities columns in the Government-wide Statement of Net Position. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

Asset Class	Amount
Land	\$ 1,000
Buildings	25,000
Improvements other than buildings	10,000
Intangibles	100,000
Furniture and equipment:	
School Nutrition Fund equipment	500
Other furniture and equipment	3,000

Capital assets are depreciated using the straight line method over the following estimated useful lives:

Asset Class	Estimated Useful Lives
Buildings	50 years
Improvements other than buildings	20-50 years
Furniture and equipment	5-15 years

FORT DODGE COMMUNITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2013

Note 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Fund Equity (continued)

Salaries and Benefits Payable – Payroll and related expenditures for teachers with annual contracts corresponding to the current school year, which are payable in July and August, have been accrued as liabilities.

Deferred Revenue – Although certain revenues are measurable, they are not available. Available means collectible within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of the succeeding year property tax receivable and unearned meal account deposits.

Deferred revenue in the Statement of Net Position consists of the succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied and unearned meal account deposits.

Long-term Liabilities – In the Government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column in the Statement of Net Position.

Compensated Absences – District employees accumulate a limited amount of earned but unused vacation and severance benefits payable to employees. Severance benefits accumulate up to 120 days for most employee service groups and is applicable for employees hired prior to July 1, 2006. A liability is recorded when incurred in the Government-wide financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect on June 30, 2013. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund.

Fund Equity – In the governmental fund financial statements, fund balances are classified as follows:

Nonspendable – Amounts which cannot be spent because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted – Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or are imposed by law through constitutional provisions or enabling legislation.

Unassigned – All amounts not included in the preceding classifications. The General Fund is the only fund that would report a positive amount in the unassigned fund balance classification. Other governmental funds would report only residual deficit balances as unassigned.

FORT DODGE COMMUNITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2013

Note 2. Cash and Pooled Investments

The District's deposits in banks at June 30, 2013 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

At June 30, 2013, the District had the following investments:

Type	Amortized Cost
Money Market Mutual Fund	\$ 36,702
Iowa Schools Joint Investment Trust, Diversified Portfolio	<u>20</u>
Total	<u><u>\$ 36,722</u></u>

The investments in the Iowa Schools Joint Investment Trust are valued at an amortized cost pursuant to Rule 2a-7 under the Investment Company Act of 1940. There is no material difference from fair value. The investments in the money market mutual fund are valued at fair value.

Interest Rate Risk – The District's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) in instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days but the maturities shall be consistent with the needs and use of the District and must also conform to any loan covenant investment maturity restrictions. The maturity of the District's position in an external investment pool is based on the average maturity of the pool's investments.

Credit Risk – The investments in the Iowa Schools Joint Investment Trust (ISJIT) were rated AAAM by Standard & Poor's Financial Services. ISJIT is sponsored by the Iowa Association of School Boards (IASB), governed by a representative board of trustees and served by a dedicated team of professionals. The investments in the money market mutual fund are rated AAAM by Standard and Poor's Financial Services.

FORT DODGE COMMUNITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2013

Note 2. Cash and Pooled Investments (continued)

Custodial Credit Risk (deposits) – In the case of deposits, this is the risk that, in the event of a bank failure, the District's deposits may not be returned to the District. The District does not have a policy for custodial credit risk of deposits. As of June 30, 2013, the carrying amount of the District's bank deposits totaled \$4,754,316. Of the bank balances, \$500,000 was covered by federal depository insurance and \$4,254,316 was uninsured and collateralized with securities held by the pledging financial institution or its agent but not in the District's name. These amounts are included in the cash and pooled investments on the combined balance sheet.

Custodial Credit Risk (investments) – For an investment, this is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The District's policy relating to custodial credit risk of investments is to allow the treasurer to invest funds in excess of current needs in depositories authorized by the Board. The amount that can be held by counterparties is established annually by the Board. As of June 30, 2013, the carrying amount of the District's investments totaled \$36,722. The entire amount is exposed to custodial credit risk because the related securities are uninsured, unregistered and held by the District's investment firm which is also the counterparty for the securities held.

The District does not have a policy regarding concentration risk.

Note 3. Due From/To Other Funds

The detail of amounts due to and from other funds for the year ended June 30, 2013 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Amounts due to transactions between funds:		
General	Special Revenue Fund, Student Activity	\$ 86,822
Special Revenue, Management Levy	General	672
Special Revenue, Student Activity	General	<u>2,490</u>
		<u>\$ 89,984</u>

These receivables and payables between funds arise from timing differences involved in the reimbursement of expenses at year end between the Special Revenue, Management Levy and Student Activity Funds and the General Fund. The balances between governmental funds have been eliminated from the Government-wide financial statements.

FORT DODGE COMMUNITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2013

Note 4. Due From Other Governments

A summary of amounts due from various other governments at June 30, 2013 is as follows:

Governmental Funds:

General Fund:

Tuition from other Districts	\$ 318,386
Vocational education grants	61,291
Title I grants	281,476
Federal Teacher Quality grants	83,317
Non-public transportation reimbursement	62,201
Other	<u>195,775</u>
	<u>1,002,446</u>

Capital Projects Fund:

Local option sales and services tax	<u>502,695</u>
Total	<u>\$ 1,505,141</u>

Note 5. Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2013 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Special Revenue, Student Activity	General	\$ 53,900
Debt Service	Capital Projects, Statewide Sales, Services and Use Tax	<u>1,990,887</u>
Total		<u>\$ 2,044,787</u>

Transfers generally move revenues from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

The transfer from the General Fund to the Special Revenue, Student Activity Fund was a corrective transfer for donations that were directed to the Activity Fund.

The transfer from the Capital Projects Fund to the Debt Service Fund was for the retirement of bond interest.

FORT DODGE COMMUNITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2013

Note 6. Capital Assets

Capital assets activity for the year ended June 30, 2013 is as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 2,231,473	\$ -	\$ -	\$ 2,231,473
Construction in progress	18,247,735	13,826,216	-	32,073,951
Total capital assets not being depreciated	<u>20,479,208</u>	<u>13,826,216</u>	<u>-</u>	<u>34,305,424</u>
Capital assets being depreciated:				
Buildings	31,869,359	776,424	-	32,645,783
Improvements other than buildings	738,014	-	-	738,014
Furniture and equipment	6,494,258	297,464	-	6,791,722
Total capital assets being depreciated	<u>39,101,631</u>	<u>1,073,888</u>	<u>-</u>	<u>40,175,519</u>
Less accumulated depreciation for:				
Buildings	14,559,103	870,193	-	15,429,296
Improvements other than buildings	214,423	36,901	-	251,324
Furniture and equipment	4,986,664	314,019	-	5,300,683
Total accumulated depreciation	<u>19,760,190</u>	<u>1,221,113</u>	<u>-</u>	<u>20,981,303</u>
Total capital assets being depreciated, net	<u>19,341,441</u>	<u>(147,225)</u>	<u>-</u>	<u>19,194,216</u>
Governmental activities capital assets, net	<u>\$ 39,820,649</u>	<u>\$ 13,678,991</u>	<u>\$ -</u>	<u>\$ 53,499,640</u>
Business-type activities:				
Furniture and equipment	\$ 457,683	\$ 590	\$ -	\$ 458,273
Less accumulated depreciation	<u>249,677</u>	<u>30,596</u>	<u>-</u>	<u>280,273</u>
Business-type activities capital assets, net	<u>\$ 208,006</u>	<u>\$ (30,006)</u>	<u>\$ -</u>	<u>\$ 178,000</u>

FORT DODGE COMMUNITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2013

Note 6. Capital Assets (continued)

Depreciation expense was charged by the District to the following functions:

Governmental activities:

Instruction:

Regular	\$ 62,518
Special	28,865
Other	16,921

Support services:

Student support	7,726
Instructional staff	11,214
Administration	16,180
Operation and maintenance of plant	13,142
Transportation	157,453

314,019

Unallocated depreciation

907,094

Total depreciation expense - governmental activities

\$ 1,221,113

Business-type activities:

Food service operations	<u>\$ 30,596</u>
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FORT DODGE COMMUNITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2013

Note 7. Long-Term Liabilities

Changes in long-term liabilities for the year ended June 30, 2013 are summarized as follows:

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
Governmental activities:					
Early retirement	\$ 1,288,184	\$ 531,653	\$ 573,950	\$ 1,245,887	\$ 625,459
Revenue bonds	30,495,000	-	-	30,495,000	1,235,000
Compensated absences	3,254,897	1,081,332	1,029,173	3,307,056	351,328
Net OPEB liability	764,000	186,000	-	950,000	-
Total	<u>\$ 35,802,081</u>	<u>\$ 1,798,985</u>	<u>\$ 1,603,123</u>	<u>\$ 35,997,943</u>	<u>\$ 2,211,787</u>

Early Retirement

The District offered a voluntary early retirement plan to all employees for the year ended June 30, 2013.

Eligible employees must be at least age fifty-five and employees must have completed ten years of continuous service to the District. Employees must complete an application which is required to be approved by the Board of Education.

The early retirement benefit for each eligible employee is tied to that employee's classification and severance benefit. Administrators and professional support employees will receive 125% of their severance benefit, which is calculated by multiplying the employee's per diem pay rate times their unused personal illness days, up to a maximum of 150 days for administrators and 120 days for professional support. Teachers will receive 250% of their severance benefit which is calculated by multiplying \$88.42 times the number of unused personal illness days, up to a maximum of 120 days. Custodial/maintenance, transportation, clerical and paraeducators will receive 125% of their severance benefit (200% for paraeducators), or 100% of severance plus a lump sum, calculated by multiplying various applicable hourly rates times the number of unused personal illness days, up to a maximum of 120 days (105 days for custodial/maintenance staff). The benefit for all early retirees will be applied to continued individual coverage under the District's health insurance at the single policy rate until fully used or age 65 or otherwise eligible for Medicare. Any balance will be a monetary payment subject to applicable taxes.

The early retirement incentives for prior years consisted of various different plans. Details of those plans are available upon request of District management.

At June 30, 2013, the District has obligations to 72 participants with a total liability of \$1,245,887. Actual early retirement expenditures for the year ended June 30, 2013 totaled \$573,950. The long-term portion of early retirement is recorded as a long-term liability of the Governmental Activities in the government-wide financial statements.

FORT DODGE COMMUNITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2013

Note 7. Long-Term Liabilities (continued)

Revenue Bonds

Details of the District's revenue bonded indebtedness at June 30, 2013 are as follows:

Year Ending June 30,	Issued dated October 1, 2011			Issued dated January 5, 2012			Total	
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest	Principal	Interest
2014	4.00 %	\$ 1,235,000	\$ 957,750	4.53 %	-	\$ 453,000	\$ 1,235,000	\$ 1,410,750
2015	4.00	1,285,000	908,350	4.53	-	453,000	1,285,000	1,361,350
2016	4.00	1,340,000	856,950	4.53	-	453,000	1,340,000	1,309,950
2017	4.00	1,390,000	803,350	4.53	-	453,000	1,390,000	1,256,350
2018	5.00	1,450,000	747,750	4.53	-	453,000	1,450,000	1,200,750
2019-2023	5.00	8,320,000	2,657,500	4.53	-	2,265,000	8,320,000	4,922,500
2024-2028	5.00	5,475,000	528,250	4.53	5,085,000	2,112,339	10,560,000	2,640,589
2029-2030	-	-	-	4.53	4,915,000	336,353	4,915,000	336,353
		<u>\$ 20,495,000</u>	<u>\$ 7,459,900</u>		<u>\$ 10,000,000</u>	<u>\$ 6,978,692</u>	<u>\$ 30,495,000</u>	<u>\$ 14,438,592</u>

The District pledged future local option (statewide) sales and services tax revenues to repay the \$20,495,000 and \$10,000,000 bonds issued in October of 2011 and January of 2012, respectively. The bonds were issued for the purpose of financing a portion of the costs of construction of a new middle school. The bonds are payable solely from the proceeds of the local option statewide sales, services and use tax revenues received by the District and are payable through 2030. The bonds are not a general obligation of the District. However, the debt is subject to the constitutional debt limitation of the District. Annual principal and interest payments on the bonds are expected to require nearly 83 percent of the statewide sales, services and use tax revenues. The total principal and interest remaining to be paid on the bonds is \$44,933,592. For the current year, no payments of principal were made and interest payments on the bonds totaled \$1,645,154. Total statewide sales and services tax revenues were \$3,178,566.

The resolution providing for the issuance of the statewide sales, services and use tax revenue bonds includes the following provisions:

- a) Bonds maturing after January 1, 2021, may be called for redemption by the issuer and paid before maturity on said date or any date thereafter.
- b) \$3,049,500 of the proceeds from the bonds issued have been placed in a reserve account with a trustee. The reserve account may be used solely for the purpose of paying principal and interest on the bonds if insufficient money is available in the sinking account. The reserve account is part of the District's Capital Projects Fund.

FORT DODGE COMMUNITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2013

Note 7. Long-Term Liabilities (continued)

Revenue Bonds (continued)

- c) Proceeds from the statewide sales, services and use tax shall be placed in a revenue account. Monies in the revenue account shall be transferred from the revenue account to the sinking account. Money in the sinking account shall be used to pay the interest and principal on the bonds. Any surplus monies remaining in the revenue fund, after the required transfer to the sinking account, may be used for any lawful purpose. The sinking fund is part of the Debt Service Fund.

Note 8. Other Postemployment Benefits (OPEB)

Plan Description – The District operates a single-employer retiree benefit plan which provides medical and prescription drug benefits for retirees and their spouses. There are 407 active and 59 retired members in the plan. Participants must be age 55 or older at retirement.

The medical/prescription drug coverage is provided through a fully-insured plan with Alliance Select. Retirees under age 65 pay the same premium for the medical/prescription drug benefit as active employees, which results in an implicit subsidy and an OPEB liability.

Funding Policy – The contribution requirements of plan members are established and may be amended by the District. The District currently finances the retiree benefit plan on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligation – The District's annual OPEB cost is calculated based on the annual required contribution (ARC) of the District, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

The following table shows the components of the District's annual OPEB cost for the year ended June 30, 2013, the amount actually contributed to the plan and changes in the District's net OPEB obligation:

Annual required contribution	\$ 803,088
Interest on net OPEB obligation	34,380
Adjustment to annual required contribution	<u>30,489</u>
Annual OPEB cost	806,979
Contributions made	<u>620,979</u>
Increase in net OPEB obligation	186,000
Net OPEB obligation beginning of year	<u>764,000</u>
Net OPEB obligation end of year	\$ <u><u>950,000</u></u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2010. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2013.

For the year ended June 30, 2013, the District contributed \$620,979 to the medical plan.

FORT DODGE COMMUNITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2013

Note 8. Other Postemployment Benefits (OPEB) (continued)

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation as of June 30, 2013, and the preceding two years are summarized as follows:

Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2011	\$ 530,000	0.0%	\$ 535,000
2012	532,000	0.0%	764,000
2013	806,979	0.0%	950,000

Funded Status and Funding Progress – As of July 1, 2012, the most recent actuarial valuation date for the period July 1, 2012 through June 30, 2013, the actuarial accrued liability was \$9,233,000, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$9,233,000. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$22,916,000, and the ratio of the UAAL to covered payroll was 40.3%. As of June 30, 2013, there were no trust fund assets.

Actuarial Methods and Assumptions – Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary information in the section following the Notes to Financial Statements, will present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of the July 1, 2012 actuarial valuation date, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 4.5% discount rate based on the District's funding policy. The projected annual medical trend rate is 9.5%. The ultimate medical trend rate is 5.0%. The medical trend rate is reduced .50% each year until reaching the 5.0% ultimate trend rate.

Mortality rates are from the RP 2000 Group Healthy Generational Mortality Table with Projection Scale AA, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from the retirement probabilities from the IPERS Actuarial Valuation Report as of June 30, 2011 and applying the termination factors used in the IPERS Actuarial Valuation Report as of June 30, 2011.

Projected claim costs of the medical plan are \$798 per month for retirees less than age 65. The salary increase rate was assumed to be 3.5% per year. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

FORT DODGE COMMUNITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2013

Note 8. Other Postemployment Benefits (OPEB) (continued)

The OPEB actuarial report was completed for the Fort Dodge Community School District by AON Hewitt, Thomas G. Vincente, FSA, MAAA. The report may be obtained by contacting the Business Office of the Fort Dodge Community School District.

A stand-alone Financial report has not been issued for the OPEB plan.

Note 9. Pension and Retirement Benefits

The District contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by State statute to plan members and beneficiaries, IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa 50306-9117.

Plan members are required to contribute 5.78% of their annual covered salary and the District is required to contribute 8.67% of annual covered payroll for the year ended June 30, 2013. Contribution requirements are established by State statute. The District's contributions to IPERS for the years ended June 30, 2013, 2012, and 2011 were \$1,963,563, \$1,850,581, and \$1,564,231, respectively, equal to the required.

Note 10. Risk Management

Self-Funded Dental Plan

The District began a self-funded insurance plan during the year ended June 30, 2000. The plan is funded by contributions from the District and is administered through a service agreement with Delta Dental Plan of Iowa. The agreement is not subject to automatic renewal provisions. The District assumes liability for claims up to the individual stop loss limitations of 125 percent of projected claims paid, determined by multiplying the number of enrolled participants as of month end by the applicable monthly aggregate attachment point (\$22.00 for single plans and \$76.00 for family plans).

Monthly payments of service fees and plan contributions to the Fort Dodge Community School District Employee Group Dental Plan are recorded as expenditures from the General and School Nutrition funds. Under the administrative services agreement, weekly payments of service fees and claims processed are paid to Delta Dental Plan of Iowa from the Fort Dodge Community School District Employee Group Dental Plan Fund as an Internal Service Fund. The District's contributions to the fund for the year ended June 30, 2013 were \$351,157 and the total paid for claims was \$244,734.

The District is not required to have an annual actuarial study of the Self-Funded Dental Insurance Plan as outlined in section 509A(15)(1)(d) of the Code of Iowa and the District has no recorded liability for incurred but unreported claims.

The Internal Service Fund, Self-Funded Dental Plan reserve was \$240,580 at June 30, 2013.

FORT DODGE COMMUNITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2013

Note 10. Risk Management (continued)

Fort Dodge Community School District is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The District assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Note 11. Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$1,589,663 for the year ended June 30, 2013 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

Note 12. Categorical Funding

The District's fund balance restricted for categorical funding at June 30, 2013 is comprised of the following programs:

<u>Program</u>	<u>Amount</u>
Returning dropouts and dropout prevention programs	\$ 629,283
Four-year-old voluntary preschool program	321,651
Salary improvement program	275,979
Talented and gifted program	41,956
Professional development	41,219
Professional development for model core curriculum	<u>10,061</u>
Total	<u>\$ 1,320,149</u>

Note 13. Construction commitments

The District has entered into various contracts totaling \$32,097,545 for a new middle school building and other projects. As of June 30, 2013, costs of \$28,483,095 had been incurred against the contracts. The balance of \$3,614,450 remaining at June 30, 2013 will be paid as work on the project progresses.

Note 14. Contingencies

The District has entered into an option contract for the sale of real property. Both parties have until December 17, 2013 to make a final decision on the purchase by the outside party of two District middle school buildings.

FORT DODGE COMMUNITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2013

Note 14. Contingencies (continued)

The District is involved in two ongoing cases of litigation. The outcomes of these cases cannot be determined at this time. The District's insurance carrier is affording coverage for one of the above mentioned cases. However, a second case involves bargaining unit items and the financial effects cannot be estimated at this time.

Note 15. Intrafund Loan

The intrafund balance between the Capital Projects, Statewide Sales, Services and Use tax Account and Capital Projects, Physical Plant and Equipment Levy Account is due to a short-term loan made on June 25, 2012. The Fort Dodge Education Foundation has pledged to cover this loan with amounts donated from the Fort Dodge community residents and businesses. The intrafund loan has been eliminated from the basic financial statements because it represents an internal loan between capital projects accounts within the Capital Projects Fund. (See Schedule 3 in supplementary information.)

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Required Supplementary Information

FORT DODGE COMMUNITY SCHOOL DISTRICT

Budgetary Comparison Schedule of Revenues, Expenditures/Expenses and Changes in Balances –
Budget and Actual – All Governmental Funds
and Proprietary Fund
Required Supplementary Information
Year Ended June 30, 2013

	Governmental Funds - Actual	Proprietary Fund - Actual	Total Actual	Budgeted Amounts		Final to Actual Variance
				Original	Final	
REVENUES:						
Local sources	\$ 20,184,268	\$ 663,937	\$ 20,848,205	\$ 20,713,841	\$ 20,713,841	\$ 134,364
Intermediate sources	8,368	-	8,368	-	-	8,368
State sources	22,008,765	16,466	22,025,231	22,309,739	22,309,739	(284,508)
Federal sources	3,061,994	1,303,732	4,365,726	3,368,282	3,368,282	997,444
Total revenues	45,263,395	1,984,135	47,247,530	46,391,862	46,391,862	855,668
EXPENDITURES/EXPENSES:						
Instruction	26,337,813	-	26,337,813	26,311,511	27,237,797	899,984
Support services	12,829,136	60,947	12,890,083	13,199,453	13,610,403	720,320
Non-instructional programs	9,213	1,900,348	1,909,561	1,954,674	1,993,500	83,939
Other expenditures	17,855,109	-	17,855,109	18,635,751	23,656,617	5,801,508
Total expenditures/expenses	57,031,271	1,961,295	58,992,566	60,101,389	66,498,317	7,505,751
Excess (deficiency) of revenues over (under) expenditures/ expenses	(11,767,876)	22,840	(11,745,036)	(13,709,527)	(20,106,455)	8,361,419
Other financing sources, net	8,288	-	8,288	5,000	5,000	3,288
Excess (deficiency) of revenues and other financing sources over (under) expenditures/ expenses	(11,759,588)	22,840	(11,736,748)	(13,704,527)	(20,101,455)	8,364,707
Balance beginning of year	30,960,338	592,229	31,552,567	25,756,825	25,756,825	5,795,742
Balance end of year	\$ 19,200,750	\$ 615,069	\$ 19,815,819	\$ 12,052,298	\$ 5,655,370	\$ 14,160,449

See accompanying independent auditor's report.

FORT DODGE COMMUNITY SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – BUDGETARY REPORTING
June 30, 2013

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds except private-purpose trust and agency funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on the GAAP basis.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund or fund type. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated function level, not by fund. The Code of Iowa also provides that District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. During the year, the District adopted one budget amendment increasing budgeted expenditures by \$6,396,928.

During the year ended June 30, 2013, expenditures did not exceed the amounts budgeted.

FORT DODGE COMMUNITY SCHOOL DISTRICT

SCHEDULE OF FUNDING PROGRESS FOR THE RETIREE HEALTH PLAN

(In Thousands)

Required Supplementary Information

Year Ended June 30, 2013

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2009	July 1, 2008	\$ -	\$ 2,090	\$ 2,090	0.0%	\$ 24,220	8.6%
2010	July 1, 2008	-	2,090	2,090	0.0%	23,639	8.8%
2011	July 1, 2010	-	5,470	5,470	0.0%	22,987	23.8%
2012	July 1, 2010	-	5,470	5,470	0.0%	23,262	23.5%
2013	July 1, 2012	-	9,233	9,233	0.0%	22,916	40.3%

See note 8 in the accompanying Notes to the Basic Financial Statements for the plan description, funding policy, annual OPEB Cost and Net OPEB Obligation, funded status and funding progress.

See accompanying independent auditor's report.

Supplementary Information

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Fort Dodge Community School District

Nonmajor Governmental Fund

Special Revenue Funds account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

Student Activity Fund

This fund accounts for funds raised by student groups. Under State Law, the Board retains responsibility for the Student Activity Fund's ultimate disposition.

FORT DODGE COMMUNITY SCHOOL DISTRICT

BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 June 30, 2013

	<u>Student Activity</u>
Assets	
Cash and pooled investments	\$ 445,756
Receivables:	
Property tax:	
Current year	-
Succeeding year	-
Interfund receivable	2,490
Accounts	<u>6,274</u>
Total assets	<u>\$ 454,520</u>
Liabilities and Fund Balances	
Liabilities:	
Accounts payable	\$ 26,559
Interfund payable	86,822
Deferred revenue:	
Succeeding year property tax	-
Total liabilities	<u>113,381</u>
Fund balances:	
Restricted for:	
Revenue bonds sinking fund	-
Debt service	-
Management levy purposes	-
Student activities	<u>341,139</u>
Total fund balances	<u>341,139</u>
Total liabilities and fund balances	<u>\$ 454,520</u>

See accompanying independent auditor's report.

FORT DODGE COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 Year Ended June 30, 2013

	<u>Student Activity</u>
Revenues:	
Local sources:	
Other	\$ <u>968,899</u>
Expenditures:	
Current:	
Instruction	<u>948,029</u>
Excess of revenues over expenditures	20,870
Other financing sources:	
Interfund transfers in	<u>53,900</u>
Net change in fund balance	\$ 74,770
Fund balance beginning of year	<u>266,369</u>
Fund balance end of year	\$ <u><u>341,139</u></u>

See accompanying independent auditor's report.

FORT DODGE COMMUNITY SCHOOL DISTRICT

COMBINING BALANCE SHEET
CAPITAL PROJECTS ACCOUNTS

June 30, 2013

	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Other Construction Projects	Total
Assets				
Cash and pooled investments	\$ 3,859,722	\$ 661,359	\$ 153,326	\$ 4,674,407
Receivables:				
Property tax:				
Current year	-	6,716	-	6,716
Succeeding year	-	923,231	-	923,231
Intrafund receivable*	141,585	-	-	141,585
Due from other governments	502,695	-	-	502,695
Total assets	\$ 4,504,002	\$ 1,591,306	\$ 153,326	\$ 6,248,634
Liabilities and Fund Balances				
Liabilities:				
Intrafund payable*	\$ -	\$ 141,585	\$ -	\$ 141,585
Accounts payable	-	-	11,210	11,210
Deferred revenue:				
Succeeding year property tax	-	923,231	-	923,231
Total liabilities	-	1,064,816	11,210	1,076,026
Fund balances:				
Restricted for:				
Other capital projects	-	-	142,116	142,116
School infrastructure	4,504,002	-	-	4,504,002
Physical plant and equipment	-	526,490	-	526,490
Total fund balances	4,504,002	526,490	142,116	5,172,608
Total liabilities and fund balances	\$ 4,504,002	\$ 1,591,306	\$ 153,326	\$ 6,248,634

*= These amounts have been removed from the face of the basic financial statements.

See accompanying independent auditor's report.

FORT DODGE COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 CAPITAL PROJECTS ACCOUNTS
 Year Ended June 30, 2013

	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Other Construction Projects	Total
Revenues:				
Local sources:				
Local tax	\$ 3,178,566	\$ 896,644	\$ -	\$ 4,075,210
Other	34,123	13,523	37,361	85,007
State sources	-	567	-	567
Total revenues	<u>3,212,689</u>	<u>910,734</u>	<u>37,361</u>	<u>4,160,784</u>
Expenditures:				
Current:				
Support services:				
Instructional staff	-	345,368	-	345,368
Administration	-	-	32	32
Transportation	-	45,788	-	45,788
Other expenditures:				
Facilities acquisition	674,695	114,881	13,830,716	14,620,292
Total expenditures	<u>674,695</u>	<u>506,037</u>	<u>13,830,748</u>	<u>15,011,480</u>
Excess (deficiency) of revenues over (under) expenditures	2,537,994	404,697	(13,793,387)	(10,850,696)
Other financing sources (uses):				
Intrafund transfers in*	-	-	1,157,028	1,157,028
Intrafund transfers out*	(1,157,028)	-	-	(1,157,028)
Interfund transfers out	(1,990,887)	-	-	(1,990,887)
Total other financing sources (uses)	<u>(3,147,915)</u>	<u>-</u>	<u>1,157,028</u>	<u>(1,990,887)</u>
Net change in fund balances	(609,921)	404,697	(12,636,359)	(12,841,583)
Fund balances beginning of year	<u>5,113,923</u>	<u>121,793</u>	<u>12,778,475</u>	<u>18,014,191</u>
Fund balances end of year	<u>\$ 4,504,002</u>	<u>\$ 526,490</u>	<u>\$ 142,116</u>	<u>\$ 5,172,608</u>

*= These amounts have been removed from the face of the basic financial statements.

See accompanying independent auditor's report.

FORT DODGE COMMUNITY SCHOOL DISTRICT

COMBINING SCHEDULE OF NET POSITION
INTERNAL SERVICE FUNDS

June 30, 2013

	Self-funded Dental Plan	Flex Benefit Plan	Total
Assets			
Cash and pooled investments	\$ <u>240,580</u>	\$ <u>3</u>	\$ <u>240,583</u>
Liabilities			
None	<u>-</u>	<u>-</u>	<u>-</u>
Net Position			
Unrestricted	\$ <u><u>240,580</u></u>	\$ <u><u>3</u></u>	\$ <u><u>240,583</u></u>

See accompanying independent auditor's report.

FORT DODGE COMMUNITY SCHOOL DISTRICT

COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS

Year Ended June 30, 2013

	Self-funded Dental Plan	Flex Benefit Plan	Total
Operating revenues:			
Local sources:			
Insurance contributions	\$ 351,157	\$ -	\$ 351,157
Flex contributions	-	66,202	66,202
Total operating revenues	<u>351,157</u>	<u>66,202</u>	<u>417,359</u>
Operating expenses:			
Support services:			
Premium/administration	283,788	-	283,788
Flex benefits	-	66,948	66,948
Total operating expenses	<u>283,788</u>	<u>66,948</u>	<u>350,736</u>
Operating income (loss)	67,369	(746)	66,623
Non-operating revenues:			
Interest	<u>504</u>	<u>10</u>	<u>514</u>
Change in net position	67,873	(736)	67,137
Net position beginning of year	<u>172,707</u>	<u>739</u>	<u>173,446</u>
Net position end of year	<u>\$ 240,580</u>	<u>\$ 3</u>	<u>\$ 240,583</u>

See accompanying independent auditor's report.

FORT DODGE COMMUNITY SCHOOL DISTRICT

COMBINING SCHEDULE OF CASH FLOWS

INTERNAL SERVICE FUNDS

Year Ended June 30, 2013

	Self-funded Dental Plan	Flex Benefit Plan	Total
Cash flows from operating activities:			
Cash received from contributions	\$ 351,157	\$ -	\$ 351,157
Cash received from miscellaneous operating activities	-	66,202	66,202
Cash payments for claims	(244,734)	-	(244,734)
Cash payments for services	(39,054)	(66,948)	(106,002)
Net cash provided by (used by) operating activities	<u>67,369</u>	<u>(746)</u>	<u>66,623</u>
Cash flows from non-capital financing activities:			
Interest on investments	<u>504</u>	<u>10</u>	<u>514</u>
Net increase (decrease) in cash and cash equivalents	67,873	(736)	67,137
Cash and cash equivalents beginning of year	<u>172,707</u>	<u>739</u>	<u>173,446</u>
Cash and cash equivalents end of year	<u>\$ 240,580</u>	<u>\$ 3</u>	<u>\$ 240,583</u>
Reconciliation of operating income (loss) to net cash provided by (used by) operating activities:			
Operating income (loss)	\$ 67,369	\$ (746)	\$ 66,623
Adjustments to reconcile operating income (loss) to net cash provided by (used by) operating activities:			
None	<u>-</u>	<u>-</u>	<u>-</u>
Net cash provided by (used by) operating activities	<u>\$ 67,369</u>	<u>\$ (746)</u>	<u>\$ 66,623</u>

See accompanying independent auditor's report.

Statistical Section

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FORT DODGE COMMUNITY SCHOOL DISTRICT

STATISTICAL SECTION (Unaudited)

The statistical section of the District's comprehensive annual financial report presents detailed information as a context for understanding what the information presented in the financial statements, note disclosures and required supplementary information say about the District's overall financial health.

Contents	Page
Financial Trends	
These schedules contain trend information to help the reader understand how the District's financial performance and well being have changed over time.	86-99
Revenue Capacity	
These schedules contain information to help the reader assess the District's most significant local revenue sources, the property tax.	100-103
Debt Capacity	
These schedules present information to help the reader assess the affordability of the District's current level of outstanding debt and the District's ability to issue additional debt in the future.	104-110
Demographic and Economic Information	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place, and to help make comparisons over time and with other governments.	111-114
Operating Information	
These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	115-120

FORT DODGE COMMUNITY SCHOOL DISTRICT

NET POSITION BY COMPONENT

Last Ten Fiscal Years
(accrual basis of accounting)
(Unaudited)

	Fiscal Year		
	2004	2005	2006
Governmental activities:			
Invested in capital assets, net of related debt	\$ 10,559,697	\$ 12,164,342	\$ 13,501,502
Restricted	2,203,376	1,483,227	2,460,485
Unrestricted	674,528	2,445,185	2,701,454
Total governmental activities net position	\$ 13,437,601	\$ 16,092,754	\$ 18,663,441
Business-type activities:			
Invested in capital assets, net of related debt	\$ 101,121	\$ 122,086	\$ 110,927
Unrestricted	41,333	19,759	92,157
Total business-type activities net position	\$ 142,454	\$ 141,845	\$ 203,084
Primary government:			
Invested in capital assets, net of related debt	\$ 10,660,818	\$ 12,286,428	\$ 13,612,429
Restricted	2,203,376	1,483,227	2,460,485
Unrestricted	715,861	2,464,944	2,793,611
Total primary government net position	\$ 13,580,055	\$ 16,234,599	\$ 18,866,525

Source: School District Financial Records

2007	2008	2009	2010	2011	2012	2013
\$ 14,325,609	\$ 16,997,726	\$ 17,836,493	\$ 19,370,712	\$ 23,191,190	\$ 26,278,268	\$ 23,146,756
4,062,467	3,272,163	5,646,826	6,876,853	5,908,765	4,508,274	9,115,843
1,755,572	1,531,036	1,633,944	(206,130)	1,267,988	2,720,360	3,328,491
\$ 20,143,648	\$ 21,800,925	\$ 25,117,263	\$ 26,041,435	\$ 30,367,943	\$ 33,506,902	\$ 35,591,090
\$ 132,331	\$ 160,339	\$ 162,426	\$ 156,766	\$ 185,454	\$ 208,006	\$ 178,000
209,805	221,340	307,403	384,741	405,929	384,223	437,069
\$ 342,136	\$ 381,679	\$ 469,829	\$ 541,507	\$ 591,383	\$ 592,229	\$ 615,069
\$ 14,457,940	\$ 17,158,065	\$ 17,998,919	\$ 19,527,478	\$ 23,376,644	\$ 26,486,274	\$ 23,324,756
4,062,467	3,272,163	5,646,826	6,876,853	5,908,765	4,508,274	9,115,843
1,965,377	1,752,376	1,941,347	178,611	1,673,917	3,104,583	3,765,560
\$ 20,485,784	\$ 22,182,604	\$ 25,587,092	\$ 26,582,942	\$ 30,959,326	\$ 34,099,131	\$ 36,206,159

FORT DODGE COMMUNITY SCHOOL DISTRICT

EXPENSES, PROGRAM REVENUES, AND NET (EXPENSE) REVENUE

Last Ten Fiscal Years
(accrual basis of accounting)
(Unaudited)

	Fiscal Year		
	2004	2005	2006
Expenses:			
Governmental activities:			
Instruction	\$ 22,458,653	\$ 21,989,010	\$ 22,596,742
Support services:			
Student services	1,205,766	1,227,542	1,676,128
Instructional services	1,368,431	1,506,657	1,874,893
Administration services	2,492,631	2,812,121	3,494,412
Operation and maintenance of plant	2,684,587	2,443,822	3,043,608
Pupil transportation services	896,513	913,548	1,095,412
Central Support Services	246,589	-	-
Noninstructional programs	49,272	50,297	24,210
Facilities Acquisition	268,811	326,249	100,056
Long-Term debt interest and fiscal charges	308,677	258,428	208,226
AEA Flowthrough	1,314,054	1,307,783	1,333,850
Depreciation (unallocated)	536,673	597,586	628,514
Total governmental activities expenses	33,830,657	33,433,043	36,076,051
Business-type activities, nutrition	1,642,178	1,635,026	1,596,042
Total primary government expenses	\$ 35,472,835	\$ 35,068,069	\$ 37,672,093
Program revenues:			
Governmental activities:			
Charges for services:			
Instruction	\$ 1,856,607	\$ 1,859,434	\$ 2,176,888
Support services	27,339	36,865	31,340
Operating grants and contributions	4,652,992	4,431,482	4,545,544
Capital grants and contributions	-	-	-
Total governmental activities program revenues	6,536,938	6,327,781	6,753,772
Business-type activities:			
Charges for services, nutrition	790,395	765,454	744,036
Operating grants and contributions	816,136	866,375	908,450
Capital grants and contributions	-	-	-
Total business-type program revenues	1,606,531	1,631,829	1,652,486
Total primary government program revenues	\$ 8,143,469	\$ 7,959,610	\$ 8,406,258
Net (expense) revenue:			
Governmental activities	\$(27,293,719)	\$(27,105,262)	\$(29,322,279)
Business-type activities	(35,647)	(3,197)	56,444
Total primary government net expense	\$(27,329,366)	\$(27,108,459)	\$(29,265,835)

Source: School District Financial Records

2007	2008	2009	2010	2011	2012	2013
\$ 24,685,058	\$ 26,278,762	\$ 27,328,550	\$ 28,090,953	\$ 27,397,925	\$ 27,068,019	\$ 26,524,935
1,724,735	1,811,705	1,945,881	1,950,853	1,932,274	1,948,544	1,883,569
1,789,751	1,622,792	2,577,602	2,462,322	2,643,447	2,702,515	2,577,114
3,752,723	3,786,616	3,944,250	3,990,588	3,777,380	4,028,872	3,906,223
2,914,438	3,211,966	3,074,296	3,041,546	3,003,684	3,125,868	3,227,015
1,106,421	1,190,841	1,004,210	1,037,477	1,091,496	1,215,745	1,211,024
-	-	-	-	-	-	-
25,755	13,391	25,049	35,181	9,027	8,273	9,213
283,730	298,271	529,517	135,135	189,302	153,475	-
155,937	80,004	-	-	-	1,046,538	1,315,095
1,430,875	1,496,741	1,559,569	1,744,044	1,748,108	1,573,604	1,589,663
655,711	666,078	729,757	783,507	802,616	906,801	907,094
38,525,134	40,457,167	42,718,681	43,271,606	42,595,259	43,778,254	43,150,945
1,616,751	1,728,573	1,753,249	1,764,208	1,848,393	1,982,211	1,961,295
\$ 40,141,885	\$ 42,185,740	\$ 44,471,930	\$ 45,035,814	\$ 44,443,652	\$ 45,760,465	\$ 45,112,240
\$ 2,257,878	\$ 2,280,011	\$ 2,215,244	\$ 2,121,778	\$ 2,489,544	\$ 2,573,678	\$ 2,176,525
41,138	43,339	44,421	63,192	72,573	90,820	121,728
5,202,843	6,023,054	7,793,068	8,328,936	8,650,852	7,818,208	8,210,896
100,000	360,462	288,367	130,000	106,128	44,760	11,495
7,601,859	8,706,866	10,341,100	10,643,906	11,319,097	10,527,466	10,520,644
816,050	765,983	731,955	700,488	701,178	680,663	662,130
931,998	996,472	1,107,176	1,129,067	1,193,028	1,300,040	1,320,198
-	-	-	3,840	-	-	-
1,748,048	1,762,455	1,839,131	1,833,395	1,894,206	1,980,703	1,982,328
\$ 9,349,907	\$ 10,469,321	\$ 12,180,231	\$ 12,477,301	\$ 13,213,303	\$ 12,508,169	\$ 12,502,972
\$(30,923,275)	\$(31,750,301)	\$(32,377,581)	\$(32,627,700)	\$(31,276,162)	\$(33,250,788)	\$(32,630,301)
131,297	33,882	85,882	69,187	45,813	(1,508)	21,033
\$(30,791,978)	\$(31,716,419)	\$(32,291,699)	\$(32,558,513)	\$(31,230,349)	\$(33,252,296)	\$(32,609,268)

FORT DODGE COMMUNITY SCHOOL DISTRICT

GENERAL REVENUES AND TOTAL CHANGE IN NET POSITION

Last Ten Fiscal Years
(accrual basis of accounting)
(Unaudited)

	Fiscal Year			
	2004	2005	2006	2007
Net (expense) revenue:				
Governmental activities	\$ (27,293,719)	\$ (27,105,262)	\$ (29,322,279)	\$ (30,923,275)
Business-type activities	(35,647)	(3,197)	56,444	131,297
Total primary government net expense	(27,329,366)	(27,108,459)	(29,265,835)	(30,791,978)
General revenues and other changes in net assets:				
Governmental activities:				
Taxes:				
Property taxes levied for general purposes	11,144,519	11,317,375	11,975,235	11,291,529
Property taxes levied for capital outlay	809,712	789,596	790,976	793,056
Income Surtax	-	-	541,695	608,405
Statewide sales, services and use tax	1,762,766	1,670,939	1,949,301	1,956,116
Unrestricted grants and contributions	15,073,788	15,735,920	16,027,153	16,976,374
Unrestricted Investment earnings	103,738	187,622	347,945	436,920
Other	121,940	125,323	260,661	341,082
Total governmental activities	29,016,463	29,826,775	31,892,966	32,403,482
Business-type activities, investment earnings	1,145	2,588	4,795	7,755
Total primary government	29,017,608	29,829,363	31,897,761	32,411,237
Change in net position:				
Governmental activities	1,722,744	2,721,513	2,570,687	1,480,207
Business-type activities	(34,502)	(609)	61,239	139,052
Total primary government	\$ 1,688,242	\$ 2,720,904	\$ 2,631,926	\$ 1,619,259

Note: The District began receiving sales tax revenues in July 2007 based upon a voter approved plan from February 2007.

Source: School District Financial Records

2008	2009	2010	2011	2012	2013
\$(31,750,301)	\$(32,377,581)	\$(32,627,700)	\$(31,276,162)	\$(33,250,788)	\$(32,630,301)
33,882	85,882	69,187	45,813	(1,508)	21,033
(31,716,419)	(32,291,699)	(32,558,513)	(31,230,349)	(33,252,296)	(32,609,268)
11,453,968	12,030,541	12,561,345	13,332,443	13,573,867	12,561,620
802,698	807,337	818,293	836,953	858,151	897,211
1,004,492	682,423	537,731	598,400	584,010	589,334
2,008,936	4,061,477	2,536,509	3,051,186	3,148,552	3,178,566
17,697,874	17,770,730	16,675,746	17,404,614	17,640,717	17,095,868
285,560	84,085	100,379	134,291	90,004	144,842
154,050	257,326	321,869	244,783	494,446	247,048
33,407,578	35,693,919	33,551,872	35,602,670	36,389,747	34,714,489
5,661	2,268	2,491	4,063	2,354	1,807
33,413,239	35,696,187	33,554,363	35,606,733	36,392,101	34,716,296
1,657,277	3,316,338	924,172	4,326,508	3,138,959	2,084,188
39,543	88,150	71,678	49,876	846	22,840
\$ 1,696,820	\$ 3,404,488	\$ 995,850	\$ 4,376,384	\$ 3,139,805	\$ 2,107,028

FORT DODGE COMMUNITY SCHOOL DISTRICT

FUND BALANCES, GOVERNMENTAL FUNDS

Last Ten Fiscal Years
(modified accrual basis of accounting)
(Unaudited)

	Fiscal Year				
	2004	2005	2006	2007	2008
General Fund:					
Reserved	-	29,159	6,026	30,594	67,151
Unreserved	3,690,674	5,027,731	5,036,555	4,263,751	4,226,934
Restricted	-	-	-	-	-
Unassigned	-	-	-	-	-
Total General Fund	\$ 3,690,674	\$ 5,056,890	\$ 5,042,581	\$ 4,294,345	\$ 4,294,085
All other governmental funds:					
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -
Debt Service Funds	100,451	100,426	100,323	99,939	-
Other Reserved	-	92,725	-	-	-
Unreserved, reported in:	-	-	-	-	-
Capital projects funds	1,924,233	1,181,444	1,388,726	2,572,365	2,066,338
Special revenue funds	781,477	498,158	1,189,280	1,449,930	1,168,109
Restricted for the following purposes					
Debt Service	-	-	-	-	-
Revenue Bond Reserve	-	-	-	-	-
Management levy purposes	-	-	-	-	-
Student activity	-	-	-	-	-
Other Capital Projects	-	-	-	-	-
School Infrastructure	-	-	-	-	-
Physical plant and equipment	-	-	-	-	-
Unassigned	-	-	-	-	-
Total all other governmental funds	\$ 2,806,161	\$ 1,872,753	\$ 2,678,329	\$ 4,122,234	\$ 3,234,447

Note: For the fiscal year ending June 30, 2011 the District implemented GASB Statement No. 54 *Fund Balance Reporting and Governmental Fund Type Definitions* which classifies fund balance into restricted, committed, assigned and unassigned categories.

Source: School District Financial Records

2009	2010	2011	2012	2013
263,880	870,606	3,133	6,923	53,393
4,385,878	4,043,233	-	-	-
-	-	1,186,873	1,470,008	1,320,149
-	-	5,052,673	6,724,117	6,927,000
<u>\$ 4,649,758</u>	<u>\$ 4,913,839</u>	<u>\$ 6,242,679</u>	<u>\$ 8,201,048</u>	<u>\$ 8,300,542</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
4,850,547	5,665,378	-	-	-
981,597	911,452	-	-	-
-	-	-	939,780	1,323,459
-	-	-	3,049,500	3,049,500
-	-	940,437	489,450	1,013,502
-	-	289,864	266,369	341,139
-	-	-	12,778,475	142,116
-	-	4,145,994	5,113,923	4,504,002
-	-	286,034	121,793	526,490
-	-	-	-	-
<u>\$ 5,832,144</u>	<u>\$ 6,576,830</u>	<u>\$ 5,662,329</u>	<u>\$ 22,759,290</u>	<u>\$ 10,900,208</u>

FORT DODGE COMMUNITY SCHOOL DISTRICT

GOVERNMENTAL FUNDS REVENUES

Last Ten Fiscal Years
(modified accrual basis of accounting)
(Unaudited)

	Fiscal Year			
	2004	2005	2006	2007
Federal Sources:	\$ 2,132,989	\$ 1,953,405	\$ 1,818,330	\$ 2,015,599
State Sources :	17,636,368	18,249,076	18,836,062	20,250,336
Intermediate Sources:	-	-	2,150	39,655
Local sources:				
Local Taxes	13,674,420	13,765,849	14,715,512	14,605,291
Tuition	807,623	760,724	901,333	1,003,395
Other revenues	1,298,584	1,416,896	1,828,077	2,058,468
Total local sources	15,780,627	15,943,469	17,444,922	17,667,154
Total revenues	\$ 35,549,984	\$ 36,145,950	\$ 38,101,464	\$ 39,972,744

Source: School District Financial Records

2008	2009	2010	2011	2012	2013
\$ 2,037,000	\$ 2,910,717	\$ 4,981,956	\$ 3,823,588	\$ 2,572,107	\$ 3,061,994
21,631,978	22,641,130	20,009,076	22,210,714	22,526,726	22,008,765
30	25,979	144,810	-	4,000	8,368
15,044,903	17,570,913	16,550,866	17,843,213	18,169,182	17,254,503
1,118,721	1,147,876	1,062,901	1,489,211	1,439,931	1,039,204
2,051,673	1,717,814	1,540,162	1,565,601	2,165,232	1,890,561
18,215,297	20,436,603	19,153,929	20,898,025	21,774,345	20,184,268
\$ 41,884,305	\$ 46,014,429	\$ 44,289,771	\$ 46,932,327	\$ 46,877,178	\$ 45,263,395

FORT DODGE COMMUNITY SCHOOL DISTRICT

GOVERNMENTAL FUNDS EXPENDITURES AND DEBT SERVICE RATIO

Last Ten Fiscal Years

(modified accrual basis of accounting)

(Unaudited)

	Fiscal Year			
	2004	2005	2006	2007
Instruction	\$ 21,672,319	\$ 22,144,273	\$ 22,472,567	\$ 24,472,714
Student Services	1,205,766	1,227,542	1,676,128	1,738,220
Instructional Staff Services	1,368,431	1,506,657	1,874,893	1,809,342
Administration Services	2,395,974	2,853,328	3,455,908	3,718,929
Operation and Maintenance of Plant Services	2,660,832	2,507,734	3,047,374	2,878,088
Transportation Services	785,824	922,757	993,752	1,095,187
Central and Other Support Services	246,589	-	-	-
Non-Instructional Programs	49,272	50,297	24,210	25,755
Capital Outlay:				
Facilities Acquisition	699,535	1,993,757	1,232,599	902,477
Debt service:				
Principal	895,000	945,000	990,000	1,045,000
Interest and Fiscal Charges	312,962	262,620	212,495	160,488
AEA Flowthrough	1,314,054	1,307,783	1,333,850	1,430,875
Total expenditures	\$ 33,606,558	\$ 35,721,748	\$ 37,313,776	\$ 39,277,075
Debt service as a percentage of noncapital expenditures	3.81%	3.71%	3.45%	3.24%

Source: School District Financial Records

	2008		2009		2010		2011		2012		2013
\$	25,951,527	\$	26,846,640	\$	26,606,333	\$	27,416,574	\$	27,069,380	\$	26,337,813
	1,802,069		1,967,015		1,933,935		1,917,455		1,931,775		1,878,843
	1,692,107		2,567,440		2,440,974		2,623,174		2,679,260		2,727,009
	3,730,001		3,865,335		3,754,908		3,808,152		4,031,101		3,934,621
	3,215,165		3,064,931		2,984,298		2,981,523		3,120,758		3,195,979
	1,243,037		968,941		1,680,534		1,075,374		1,612,758		1,092,684
	-		-		-		-		-		-
	13,391		25,049		35,180		9,027		8,273		9,213
	1,304,281		2,216,729		2,114,401		4,962,492		17,575,360		14,620,292
	2,250,000		-		-		-		-		-
	89,943		-		-		-		785,925		1,645,154
	1,496,741		1,559,569		1,744,044		1,748,108		1,573,604		1,589,663
\$	42,788,262	\$	43,081,649	\$	43,294,607	\$	46,541,879	\$	60,388,194	\$	57,031,271
	5.98%		0.00%		0.00%		0.00%		1.87%		4.04%

FORT DODGE COMMUNITY SCHOOL DISTRICT

OTHER FINANCING SOURCES (USES) AND NET CHANGE IN FUND BALANCES
GOVERNMENTAL FUNDS

Last Ten Fiscal Years
(modified accrual basis of accounting)
(Unaudited)

	Fiscal Year			
	2004	2005	2006	2007
Excess of revenues over (under) expenditures	\$ 1,943,426	\$ 424,202	\$ 787,688	\$ 695,669
Other financing sources (uses):				
Sale of Equipment	\$ 3,417	\$ 8,606	\$ 3,579	\$ -
Bond Premium	-	-	-	-
Interfund transfers in	1,107,947	1,207,595	1,311,120	1,853,942
Interfund transfers out	(1,107,947)	(1,207,595)	(1,311,120)	(1,853,942)
Revenue Bonds Issued	-	-	-	-
Total other financing sources (uses)	3,417	8,606	3,579	-
Net change in fund balances	\$ 1,946,843	\$ 432,808	\$ 791,267	\$ 695,669

Source: School District Financial Records

2008	2009	2010	2011	2012	2013
\$ (903,957)	\$ 2,932,780	\$ 995,164	\$ 390,448	\$ (13,511,016)	\$ (11,767,876)
\$ 15,910	\$ 20,590	\$ 13,603	\$ 23,891	\$ 53,004	\$ 8,288
-	-	-	-	2,018,342	-
2,311,677	19,955	2,750	78,831	3,991,894	2,044,787
(2,311,677)	(19,955)	(2,750)	(78,831)	(3,991,894)	(2,044,787)
-	-	-	-	30,495,000	-
15,910	20,590	13,603	23,891	32,566,346	8,288
\$ (888,047)	\$ 2,953,370	\$ 1,008,767	\$ 414,339	\$ 19,055,330	\$ (11,759,588)

FORT DODGE COMMUNITY SCHOOL DISTRICT

ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY

Last Ten Fiscal Years

(Unaudited)

Fiscal Year ended June 30,	Actual Value			Total Actual Value	Total Taxable Value	Total Direct Rate (a)
	Residential Property	Commercial Property	Agricultural and Other Property			
2004	\$ 743,713,520	\$ 246,359,452	\$ 178,696,197	1,168,769,169	\$ 807,230,538	15.14774
2005	791,708,380	249,229,602	157,727,721	1,198,665,703	789,366,295	15.76329
2006	802,073,123	250,070,530	160,773,447	1,212,917,100	791,415,551	15.89772
2007	810,841,646	256,183,335	170,632,149	1,237,657,130	790,041,495	15.65813
2008	824,437,141	261,149,141	177,395,223	1,262,981,505	801,458,851	15.75483
2009	837,427,270	262,815,827	193,591,365	1,293,834,462	808,838,115	16.37612
2010	845,488,704	258,358,060	200,604,900	1,304,451,664	824,276,257	16.84234
2011	851,269,319	255,387,088	244,379,417	1,351,035,824	843,625,089	17.45222
2012	854,087,950	257,627,079	245,487,772	1,357,202,801	865,556,648	17.39620
2013	874,474,263	259,371,393	270,392,660	1,404,238,316	898,862,785	15.48989

Note: The actual values are determined as of January 1, of the calendar year prior to the fiscal year indicated. These actual values are used to calculate the taxable values for the second budget following assessment date.

(a) Per \$1,000 of assessed value.

Source: Webster County Auditor.

FORT DODGE COMMUNITY SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES
Last Ten Fiscal Years
(Rate per \$1,000 of assessed value)
(Unaudited)

Fiscal Year Ended June 30	District Direct Rates				Overlapping Rates			
	General Purposes	Capital Purposes	Debt Service Purposes	Total	Webster County	City of Fort Dodge	Community College	Other
2004	14.14774	1.00000	0.00000	15.14774	5.90456	16.99837	0.62572	0.39644
2005	14.76329	1.00000	0.00000	15.76329	6.21925	16.58116	0.75174	0.46489
2006	14.89772	1.00000	0.00000	15.89772	6.76218	17.03176	0.86610	0.46764
2007	14.65813	1.00000	0.00000	15.65813	6.93691	16.98749	0.68343	0.47313
2008	14.75483	1.00000	0.00000	15.75483	6.93469	16.99747	0.67603	0.47554
2009	15.37612	1.00000	0.00000	16.37612	6.75687	16.45243	1.03807	0.46914
2010	15.84234	1.00000	0.00000	16.84234	6.85437	17.04193	0.93177	0.53542
2011	16.45222	1.00000	0.00000	17.45222	6.92838	18.44179	0.97767	0.54209
2012	16.39620	1.00000	0.00000	17.39620	6.77783	19.92702	0.87149	0.50087
2013	14.49627	1.00000	0.00000	15.49627	6.49196	20.81519	0.81973	0.41881

Other column consists of Webster County Ag. Extension, Webster County Assessor, and State TB Eradication Levies.

Source: Webster County Auditor and Iowa Department of Management. & Piper Jaffray

FORT DODGE COMMUNITY SCHOOL DISTRICT

PRINCIPAL PROPERTY TAXPAYERS

Current Year and Four Years Ago

(Unaudited)

Taxpayer	2013			2009		
	Taxable Value	Rank	Percentage of Total Taxable Value	Taxable Value	Rank	Percentage of Total Taxable Value
Mid American Energy Co	\$ 39,187,854	1	4.36%	\$ 39,187,854	1	4.91%
Boehringer Ingelheim	17,137,128	2	1.91%	17,231,320	2	2.16%
Crossroads Mall 1999 LLC	9,400,000	3	1.05%	9,400,000	3	1.18%
Wal-Mart Real Estate Business	7,639,510	4	0.85%	7,636,510	5	0.96%
Menard Inc	7,297,700	5	0.81%	7,297,700	6	0.91%
Trinity Building Corp	7,281,140	6	0.81%	7,281,140	7	0.91%
Koch Nitrogen	7,176,073	7	0.80%	7,225,240	8	0.90%
Northern Natural Gas	6,456,826	8	0.72%	6,733,117	9	0.84%
Union Pacific Railroad Co	5,815,947	9	0.65%	5,353,215	11	0.67%
US Gypsum Co	5,681,932	10	0.63%	5,916,100	10	0.74%
Friendship Haven	4,337,445	11	0.48%	8,937,660	4	1.12%
Art Mort Borrower Propco 2006	4,064,430	12	0.45%	4,064,430	12	0.51%
Dayton Hudson Corp	4,063,280	13	0.45%	4,063,280	13	0.51%
Can (WI) QRS 12-34 Inc	3,972,163	14	0.44%	3,866,419	14	0.48%
Colby Charles I & Ruth	3,874,090	15	0.43%	3,874,090	15	0.48%
BHJ USA Inc	3,807,714	16	0.42%	0		0.00%
Nestle Food Company	3,400,520	17	0.38%	3,407,640	17	0.43%
Johnson Automotive	3,147,310	18	0.35%	3,160,060	19	0.40%
National Gypsum Co	3,134,937	19	0.35%	3,265,200	18	0.41%
Tifftra LLC	2,670,708	20	0.30%	0		0.00%
Omaha Cold Storage	0		0.00%	3,816,670	16	0.48%
U.S. Bank NA	0		0.00%	2,962,140	20	0.37%
All other taxpayers	749,316,068		83.36%	644,194,208	-	80.64%
Total	<u>\$ 898,862,775</u>		100.00%	<u>\$ 798,873,993</u>		100.00%

Note: 2009 was the earliest date this information was available.

Source: Webster County Auditor.

FORT DODGE COMMUNITY SCHOOL DISTRICT

PROPERTY TAX LEVIES AND COLLECTIONS

Last Six Fiscal Years

(Unaudited)

Fiscal Year	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections In Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2008*	12,236,691	12,210,243	99.78%	20,011	12,230,254	99.95%
2009	12,836,328	12,793,551	99.67%	19,408	12,812,960	99.82%
2010	13,480,309	13,348,818	99.02%	5,424	13,354,242	99.06%
2011	14,285,727	14,141,625	98.99%	1,191	14,142,816	99.00%
2012	14,561,840	14,400,570	98.89%	2,566	14,403,136	98.91%
2013	13,484,315	13,461,984	99.83%	13,331	13,475,315	99.93%

*2007-2008 was the earliest date information was available from Webster County.

Source: Webster County Auditor and District records.

FORT DODGE COMMUNITY SCHOOL DISTRICT

OUTSTANDING DEBT BY TYPE

Last Ten Fiscal Years

(Unaudited)

Fiscal Year	Revenue Bonds	Early Retirement	Compensated Absences	Net OPEB Liability	Total Primary Government	Percentage of Personal Income	Per Capita
2004	\$ 5,230,000	\$ 931,689	\$ 2,765,868	\$ -	\$ 8,927,557	0.80%	229.37
2005	4,285,000	597,952	2,464,306	-	\$ 7,347,258	0.65%	190.53
2006	3,295,000	291,855	2,879,211	-	\$ 6,466,066	0.55%	167.80
2007	2,250,000	90,999	3,178,994	-	\$ 5,519,993	0.44%	143.78
2008	-	148,348	3,493,056	-	\$ 3,641,404	0.26%	95.14
2009	-	586,939	3,338,923	154,000	\$ 4,079,862	0.31%	106.48
2010	-	1,716,952	3,577,820	308,000	\$ 5,602,772	0.42%	147.89
2011	-	1,431,605	3,541,555	535,000	\$ 5,508,160	0.37%	146.26
2012	30,495,000	1,288,184	3,254,897	764,000	\$ 35,802,081	N/A	960.54
2013	30,495,000	1,245,887	3,307,056	950,000	\$ 35,997,943	N/A	N/A

Source: School District Financial Records

FORT DODGE COMMUNITY SCHOOL DISTRICT

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

As of June 30, 2013

(Unaudited)

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable*	Estimated Share of Direct and Overlapping Debt
City of Badger	-	100.00%	\$ -
City of Fort Dodge	28,995,000	100.00%	28,995,000
City of Otho	-	100.00%	-
Webster County	7,360,000	57.56%	4,236,416
Iowa Central Community College	34,925,000	12.90%	4,505,325
AEA #8 - Prairie Lakes	2,055,000	7.21%	148,166
Subtotal, overlapping debt			37,884,907
District direct debt			30,495,000
Total direct and overlapping debt			<u><u>\$ 68,379,907</u></u>

Source: Webster County Auditor & Piper Jaffray

* Estimate is based upon overlapping total assessed value and assessed value within Fort Dodge Community School District boundaries.

FORT DODGE COMMUNITY SCHOOL DISTRICT

LEGAL DEBT MARGIN INFORMATION

Last Ten Fiscal Years

(Unaudited)

	2004	2005	2006	2007
Debt limit	\$ 56,918,567	\$ 59,933,285	\$ 60,645,855	\$ 61,882,857
Total net debt applicable to limit	5,230,000	4,285,000	3,295,000	2,250,000
Legal debt margin	<u>\$ 51,688,567</u>	<u>\$ 55,648,285</u>	<u>\$ 57,350,855</u>	<u>\$ 59,632,857</u>
Total net debt applicable to the limit as a percentage of debt limit	9.19%	7.15%	5.43%	3.64%

Source: Webster County Auditor and District Records.

Notes:

(a) Actual assessed value includes Tax Increment Financing

(b) Code of Iowa Section 296.1

Legal Debt Margin Calculation for Fiscal Year 2013

Assessed value (a)

\$ 1,404,238,316

Debt limit (5% of assessed value)(b)

\$ 70,211,916

Debt applicable to limit

30,495,000

Legal debt margin

\$ 39,716,916

	2008		2009		2010		2011		2012		2013
\$	63,149,075	\$	64,691,723	\$	65,222,583	\$	67,551,791	\$	67,860,140	\$	70,211,916
	-		-		-		-		30,495,000		30,495,000
\$	63,149,075	\$	64,691,723	\$	65,222,583	\$	67,551,791	\$	37,365,140	\$	39,716,916

0.00%

0.00%

0.00%

0.00%

44.94%

43.43%

FORT DODGE COMMUNITY SCHOOL DISTRICT

PLEDGED-REVENUE COVERAGE

Last Ten Fiscal Years

(Unaudited)

Fiscal Year	Sales Tax Revenue Bonds				
	Revenue	Debt Service		Coverage	
		Principal	Interest		
2004	\$ 1,762,766	\$ 895,000	\$ 311,962	1.46	
2005	1,670,939	945,000	262,620	1.38	
2006	1,949,301	990,000	212,495	1.62	
2007	1,956,116	1,045,000	160,488	1.62	
2008	2,008,936	2,250,000	89,943	0.85	
2009	4,061,477	-	-	-	
2010	2,536,509	-	-	-	
2011	3,051,186	-	-	-	
2012	3,148,552	-	-	-	
2013	3,178,566	-	1,645,154	1.93	

Note: Details regarding the District's outstanding debt can be found in
Note 7 of the notes to the financial statements

Source: School District Financial Records

FORT DODGE COMMUNITY SCHOOL DISTRICT

DEMOGRAPHIC AND ECONOMIC STATISTICS

Last Ten Calendar Years

(Unaudited)

Calendar Year	Population (a)	Personal Income (In Thousands	Per Capita Personal Income (a)	Fort Dodge MSA Unemployment Rate (b)
2002	39,654	1,072,451	27,045	4.1%
2003	39,377	1,077,284	27,358	4.6%
2004	38,922	1,120,439	28,787	4.9%
2005	38,562	1,127,209	29,231	4.3%
2006	38,534	1,179,301	30,604	4.0%
2007	38,393	1,263,132	32,900	4.0%
2008	38,273	1,381,767	36,103	4.2%
2009	38,316	1,310,772	34,210	7.2%
2010	37,884	1,333,518	35,200	7.7%
2011	37,660	1,486,329	39,467	8.0%
2012	37,273	*	*	6.1%

* Information not available

Notes:

Data provided is for the Fort Dodge Micropolitan Statistical Area consisting of Webster County

Sources: Bureau of Economic Analysis

(a) Bureau of Economic Analysis

(b) Iowa Workforce Development

FORT DODGE COMMUNITY SCHOOL DISTRICT

PRINCIPAL EMPLOYERS
Current Year and Nine Years Ago
(Unaudited)

Employer	2013			2004		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
Trinity Regional Hospital	972	1	5.94%	972	1	5.01%
Decker Truck Lines	813	2	4.97%	714	4	3.68%
Iowa Central Community College	794	3	4.85%	621	2	3.20%
Boehringer Ingelheim	600	4	3.67%	782	3	4.03%
Fort Dodge Community Schools	486	5	2.97%	494	5	2.55%
New Co-op	290	6	1.77%	160	6	0.82%
Friendship Haven	306	7	1.87%	219	4	1.13%
Fort Dodge Correctional Facility	366	8	2.24%	386	8	1.99%
Heartland Communications	125	9	0.76%	175	9	0.90%
City of Fort Dodge	187	11	1.14%	187	10	0.96%
Nestle Purina Pet Care Products	186	12	1.14%	150	11	0.77%
Silgan Containers	185	13	1.13%	149	12	0.77%
CJ Bio America	170	14	1.04%	-		0.00%
United States Gypsum	111	15	0.68%	110	13	0.57%
National Gypsum	74	15	0.45%	72	15	0.37%
Georgia-Pacific Corporation	70		0.43%	92	14	0.47%
All other employers	10,624		64.94%	14,117		72.77%
Total	<u>16,359</u>		100.00%	<u>19,400</u>		100.00%

Source: City of Fort Dodge and Iowa Department of Economic Development.

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FORT DODGE COMMUNITY SCHOOL DISTRICT
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY TYPE
Last Ten Fiscal Years
(Unaudited)

		Full-Time Equivalent Employees as of June 30,			
		2004	2005	2006	2007
Supervisory:					
Superintendent		1.00	1.00	1.00	1.00
Principals		9.00	7.00	8.00	8.00
Assistant Principals		2.00	3.00	4.00	5.00
All other administrators		-	-	-	-
Total supervisory		12.00	11.00	13.00	14.00
Instruction:					
Teachers		289.92	285.59	309.58	312.40
Paraprofessionals		59.25	74.26	85.20	87.70
All other instruction		1.00	1.00	4.36	4.69
Total instruction		350.17	360.85	399.14	404.79
Student services:					
Guidance counselors		12.00	11.00	10.00	12.00
Media specialists/Librarians		6.00	5.00	5.00	6.00
Nurses		8.00	8.00	8.00	8.00
All other student services		14.00	16.00	16.00	16.50
Total student services		40.00	40.00	39.00	42.50
Support and administration:					
Office/Clerical		36.20	32.94	32.94	32.94
Transportation		8.90	8.90	8.90	8.90
Custodial Maintenance		38.00	35.00	37.00	37.00
All other support		9.00	8.00	8.00	7.00
Total support and administration		92.10	84.84	86.84	85.84
Total		494.27	496.69	537.98	547.13

Source: District records

2008	2009	2010	2011	2012	2013	Percentage Change 2004 - 2013
1.00	1.00	1.00	1.00	1.00	1.00	0.00%
8.00	7.00	7.00	7.00	7.00	8.00	-11.11%
5.00	5.00	5.00	4.00	5.00	5.00	150.00%
-	-	-	-	-	-	
14.00	13.00	13.00	12.00	13.00	14.00	16.67%
295.40	286.56	268.56	269.74	258.92	252.58	-12.88%
85.50	85.04	97.72	94.56	95.12	91.56	54.53%
3.69	4.68	1.63	1.19	3.00	2.00	100.00%
384.59	376.28	367.91	365.49	357.04	346.14	-1.15%
12.00	11.00	12.00	11.00	11.00	11.00	-8.33%
6.00	5.00	5.00	4.00	4.00	3.00	-50.00%
8.00	7.00	7.00	7.00	7.00	7.00	-12.50%
19.00	17.80	20.69	22.44	19.50	20.25	44.64%
45.00	40.80	44.69	44.44	41.50	41.25	3.13%
32.63	30.63	28.63	28.88	27.88	28.88	-20.22%
8.90	8.90	8.90	8.90	8.90	8.90	0.00%
37.00	36.00	35.00	35.00	34.00	34.00	-10.53%
6.00	7.00	7.00	9.00	9.00	13.00	44.44%
84.53	82.53	79.53	81.78	79.78	84.78	-7.95%
528.12	512.60	505.12	503.71	491.32	486.17	-1.64%

FORT DODGE COMMUNITY SCHOOL DISTRICT

OPERATING STATISTICS

Last Ten Fiscal Years

(Unaudited)

Fiscal Year	Official Enrollment	Governmental Operating Expenditures	Cost Per Pupil	Percentage Change	Business-Type Total Expenses
2004	4,216	\$ 35,164,158	8,341	*	\$ 1,642,178
2005	4,170	34,709,641	8,324	(0.21)	1,635,026
2006	4,091	35,867,825	8,769	5.34	1,596,042
2007	4,079	38,369,197	9,406	7.27	1,616,751
2008	4,035	40,377,163	10,006	6.38	1,728,573
2009	3,983	42,718,681	10,725	7.18	1,753,249
2010	3,957	43,271,606	10,937	1.97	1,764,208
2011	3,817	42,595,259	11,160	2.04	1,848,393
2012	3,738	43,778,254	11,713	4.96	1,982,211
2013	3,656	43,150,945	11,801	0.75	1,961,295

Source: District records

Note: Expenses represent business-type activity expenses, which includes the District's School Nutrition

Cost Per Pupil	Percentage Change	Teaching Staff (in FTE)	Pupil-Teacher Ratio	Percentage of Students Receiving Free or Reduced-Priced Meals
390	*	301.59	13.98	N/A
392	0.66	315.58	13.21	45.95%
390	(0.49)	326.58	12.53	46.46
396	1.58	328.40	12.42	45.22
428	8.08	315.40	12.79	48.33
440	2.75	302.56	15.14	52.41
446	1.30	285.56	14.89	53.04
484	8.61	284.74	14.62	53.85
530	9.52	271.62	14.98	54.05
536	1.14	252.58	15.03	55.95

FORT DODGE COMMUNITY SCHOOL DISTRICT

SCHOOL BUILDING INFORMATION

Last Ten Fiscal Years

(Unaudited)

School	2004	2005	2006	2007
Elementary:				
Butler Elementary				
Square feet	70,140	70,140	70,140	70,140
Capacity	462	462	462	462
Enrollment	384	369	344	340
Cooper Elementary				
Square feet	37,065	37,065	37,065	37,065
Capacity	352	352	352	352
Enrollment	250	248	264	264
Duncombe Elementary				
Square feet	46,075	46,075	46,075	46,075
Capacity	330	330	330	330
Enrollment	317	295	295	308
Feelhaber Elementary				
Square feet	26,741	26,741	26,741	26,741
Capacity	220	220	220	220
Enrollment	239	226	221	222
Hillcrest Elementary				
Square feet	23,942	23,942	23,942	23,942
Capacity				
Enrollment	157	148	173	161
Middle Schools				
Fair Oaks Middle School				
Square feet	112,706	112,706	112,706	112,706
Capacity	286	286	286	286
Enrollment	612	584	566	561
Phillips Middle School				
Square feet	149,480	149,480	149,480	149,480
Capacity	308	308	308	308
Enrollment	667	653	620	594

Fiscal Year					
2008	2009	2010	2011	2012	2013
70,140	70,140	70,140	70,140	70,140	70,140
462	462	462	462	462	462
339	349	333	345	448	-
37,065	37,065	37,065	37,065	37,065	37,065
352	352	352	352	352	352
260	254	261	247	289	-
46,075	46,075	46,075	46,075	46,075	46,075
330	330	330	330	330	330
319	289	297	268	302	-
26,741	26,741	26,741	26,741	26,741	26,741
220	220	220	220	220	220
236	235	231	225	218	-
23,942	23,942	23,942	23,942	23,942	23,942
152	121	125	143	Closed	Closed
112,706	112,706	112,706	112,706	112,706	112,706
286	286	286	286	286	286
549	534	521	526	488	-
149,480	149,480	149,480	149,480	149,480	149,480
308	308	308	308	308	308
568	560	488	515	510	-

FORT DODGE COMMUNITY SCHOOL DISTRICT

SCHOOL BUILDING INFORMATION

Last Ten Fiscal Years

(Unaudited)

School	2004	2005	2006	2007
High School				
Fort Dodge Senior High				
Square feet	248,300	248,300	248,300	248,300
Capacity	220	220	220	220
Enrollment	1,288	1,252	1,243	1,232
Other District Facilities				
Riverside Early Learning Center	30,124	30,124	30,124	30,124
Capacity	308	308	308	308
Enrollment	157	162	163	150
Arey Administration Building				
Square feet	36,589	36,589	36,589	36,589
Capacity	418	418	418	418
Bus Garage				
Square feet	7,200	7,200	7,200	7,200
Capacity	286	286	286	286
Dodger Stadium				
Square feet	6,800	6,800	6,800	6,800
Capacity	418	418	418	418

Fiscal Year					
2008	2009	2010	2011	2012	2013
248,300	248,300	248,300	248,300	248,300	248,300
220	220	220	220	220	220
1,274	1,207	1,157	1,204	1,133	-
30,124	30,124	30,124	30,124	30,124	30,124
308	308	308	308	308	308
157	172	165	195	203	-
36,589	36,589	36,589	36,589	36,589	36,589
418	418	418	418	418	418
7,200	7,200	7,200	7,200	7,200	7,200
286	286	286	286	286	286
6,800	6,800	6,800	6,800	6,800	6,800
418	418	418	418	418	418

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Single Audit Section

FORT DODGE COMMUNITY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2013

Grantor / Program	CFDA Number	Grant Number	Expenditures
Indirect:			
U. S. Department of Agriculture:			
Iowa Department of Education:			
Child Nutrition Cluster Programs:			
School Breakfast Program	10.553	FY 13	\$ 243,096
National School Lunch Program	10.555	FY 13	1,005,702 *
			<u>1,248,798</u>
 Fresh Fruit and Vegetable Program	 10.558	 FY 13	 <u>54,934</u>
U. S. Department of Education:			
Iowa Department of Education:			
Title I, Part A Cluster Programs:			
Title I Grants to Local Educational Agencies	84.010	2313-G-12	13,381
Title I Grants to Local Educational Agencies	84.010	2313-G-13	1,085,943
Title I Grants to Local Educational Agencies	84.010	SINA	27,738
Title I Grants to Local Educational Agencies	84.010	2313-GC	72,600
			<u>1,199,662</u>
 Special Education Grants to States	 84.027	 FY 13	 <u>717</u>
 Career and Technical Education - Basic Grants to States	 84.048	 FY 13	 <u>61,291</u>
 Rehabilitation Services - Vocational Rehabilitation - Grants to States	 84.126	 FY 13	 <u>44,457</u>
 Twenty-First Century Community Learning Centers	 84.287	 FY 13	 <u>75,000</u>
 Improving Teacher Quality State Grants	 84.367	 FY 13	 <u>232,565</u>
 Grants for State Assessments and Related Activities	 84.369	 FY 13	 <u>22,900</u>
Prairie Lakes Area Education Agency:			
Special Education Cluster Programs:			
Special Education - Grants to States	84.027	FY 13	<u>237,385</u>

FORT DODGE COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 Year Ended June 30, 2013

<u>Grantor / Program</u>	<u>CFDA Number</u>	<u>Grant Number</u>	<u>Expenditures</u>
Indirect (continued):			
U. S. Department of Health and Human Services:			
Iowa Department of Human Services:			
Temporary Assistance for Needy Families	93.558	FY 13	<u>28,526</u>
Iowa Department of Education:			
Cooperative Agreements to Support Comprehensive School Health Programs to Prevent the Spread of HIV and Other Important Health Problems	93.938	FY 13	<u>244</u>
Total			\$ <u><u>3,206,479</u></u>

* = Includes \$112,366 of non-cash awards.

Basis of Presentation –

The Schedule of Expenditures of Federal Awards includes the federal grant activity of Fort Dodge Community School District and is presented on the accrual or modified accrual basis of accounting. The information on this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

See accompanying independent auditor's report.

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITY STANDARDS

To the Board of Education of
Fort Dodge Community School District:

Compliance

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Fort Dodge Community School District as of and for the year ended June 30, 2013, and the related notes to financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 27, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Fort Dodge Community School District's internal control over financial reporting to determine the audit procedures appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Fort Dodge Community School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Fort Dodge Community School District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified deficiencies in internal control over financial reporting we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the District's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiency in internal control described in Part II of the accompanying Schedule of Findings and Questioned Costs as item II-A-13 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Fort Dodge Community School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of noncompliance or other matters that are described in Part IV of the accompanying Schedule of Findings and Questioned Costs.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2013 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Fort Dodge Community School District's Responses to Findings

Fort Dodge Community School District's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. Fort Dodge Community School District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Fort Dodge Community School District during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

Oskaloosa, Iowa
November 27, 2013

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM,
ON INTERNAL CONTROL OVER COMPLIANCE AND ON THE SCHEDULE OF EXPENDITURES OF
FEDERAL AWARDS REQUIRED BY OMB CIRCULAR A-133

To the Board of Education of
Fort Dodge Community School District:

Report on Compliance for Each Major Federal Program

We have audited Fort Dodge Community School District's compliance with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2013. Fort Dodge Community School District's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grant agreements applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Fort Dodge Community School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Fort Dodge Community School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Fort Dodge Community School District's compliance.

Opinion on Each Major Federal Program

In our opinion, Fort Dodge Community School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013

Report on Internal Control Over Compliance

The management of Fort Dodge Community School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Fort Dodge Community School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Fort Dodge Community School District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify and deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on the Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of Fort Dodge Community School District as of and for the year ended June 30, 2013, and have issued our report dated November 27, 2013, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the financial statements as a whole.

Oskaloosa, Iowa
November 27, 2013

Hunt & Associates, P.C.

FORT DODGE COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2013

Part I: Summary of the Independent Auditor's Results:

- (a) Unmodified opinions were issued on the financial statements.
- (b) A material weakness in internal control over financial reporting was disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) No material weaknesses in internal control over major programs were disclosed by the audit of the financial statements.
- (e) An unqualified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit disclosed no audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) Major programs were as follows:
 - Clustered programs:
 - CFDA Number 10.553 – School Breakfast Program
 - CFDA Number 10.555 – National School Lunch Program
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Fort Dodge Community School District qualified as a low-risk auditee.

FORT DODGE COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2013

Part II: Findings Related to the Basic Financial Statements:

Instances of Non-Compliance:

No matters were reported.

Internal Control Deficiencies:

- II-A-13 Financial Reporting - During the audit, we identified material amounts of receivables not recorded in the District's financial statements. In addition, we noted material adjustments to cash and related expenditures for unrecorded transactions related to debt service payments.

Recommendation – The District should implement procedures to ensure all receivables, and debt service cash and expenditure transactions are identified and included in the District's financial statements.

Response – We will double check these in the future to avoid missing any receivables and we will properly record all necessary cash and expenditure adjustments required for debt service transactions.

Conclusion – Response accepted.

FORT DODGE COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2013

Part III: Summary of the Independent Auditor's Results:

Instances of Non-Compliance:

No matters were reported.

Internal Control Deficiencies:

No matters were reported.

FORT DODGE COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2013

Part IV: Other Findings Related to Required Statutory Reporting:

- IV-A-13 Certified Budget – Expenditures for the year ended June 30, 2013 did not exceed the amounts budgeted.
- IV-B-13 Questionable Expenditures – No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979 were noted.
- IV-C-13 Travel Expense – No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.
- IV-D-13 Business Transactions – Business transactions between the District and District officials or employees are detailed as follows:

<u>Name, Title and Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
Kevin Rogers, Board Member	Officiating	\$308
Brian Forsythe, Board Vice President Owner of Hiway Truck Equipment	School supplies and equipment	\$2,818
Heather Cochrane, daughter of Board President Cochrane	Teaching	\$44,442
Toni Cochrane, Spouse of Board President Cochrane	Coaching	\$4,908

In accordance with Chapter 279.7A of the Code of Iowa, the transaction with Board Member Rogers does not appear to represent a conflict of interest since the cumulative amount was less than \$2,500 for the fiscal year. The transaction with Vice President Forsythe is in compliance with Chapter 279.7A since part of the cumulative amount was competitively bid. The transactions with Board President Cochrane’s spouse and daughter do not represent a conflict of interest based on an Attorney General opinion dated April, 1976.

- IV-E-13 Bond Coverage – Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.
- IV-F-13 Board Minutes – No transactions requiring Board approval which had not been approved by the Board were noted.

FORT DODGE COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2013

Part IV: Other Findings Related to Required Statutory Reporting (continued):

- IV-G-13 Certified Enrollment – The number of basic resident students reported to the Iowa Department of Education for October 1, 2012 was overstated by 4.0 students. The District’s certified enrollment count was overstated due to the inclusion of two students who never attended school in fiscal year 2013, the inclusion of two students tuitioned out to other Districts.

Recommendation – The District should contact the Iowa Department of Education and the Department of Management to resolve this matter.

Response – We will contact the Iowa Department of Education and the Department of Management as necessary.

Conclusion – Response accepted.

- IV-H-13 Supplementary Weighting – No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.

- IV-I-13 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District’s investment policy were noted.

- IV-J-13 Certified Annual Report – The Certified Annual Report was timely certified to the Iowa Department of Education. However, we noted significant deficiencies in the amounts reported.

Recommendation –The District should develop controls over financial reporting that would insure the accuracy of reports required to be filed in the future.

Response – These errors related to bond payment accounting. We will develop and install proper controls to insure accurate reporting in the future.

Conclusion – Response accepted.

- IV-K-13 Categorical Funding – No instances were noted of categorical funding being used to supplant rather than supplement other funds.

FORT DODGE COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2013

Part IV: Other Findings Related to Required Statutory Reporting (continued):

- IV-L-13 Statewide Sales and Services Tax – No instances of non-compliance with the use of the statewide sales, services and use tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted.

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales, services and use tax revenue. Districts are required to include these reporting elements in the Certified Annual Report (CAR) submitted to the Iowa Department of Education. For the year ended June 30, 2013, the District reported the following information regarding the statewide sales, services and use tax revenue in the District's CAR:

Beginning balance		\$	5,113,923
Revenues:			
Sales tax revenues	\$	3,178,566	
Interest		22,567	
Other local revenues		<u>11,556</u>	3,212,689
Expenditures/transfers out:			
School infrastructure construction		629,401	
Equipment		45,294	
Transfers to other funds:			
Debt Service Fund		1,990,887	
Other transfers		<u>1,157,028</u>	<u>3,822,610</u>
Ending balance		\$	<u><u>4,504,002</u></u>

For the year ended June 30, 2013, the District reduced the following levies as a result of the moneys received under Chapter 423E or 423F of the Code of Iowa:

	Rate of Levy Reduction Per \$1,000 of Taxable Valuation	Property Tax Dollars Reduced
Debt service levy	\$ 1.92348	\$ 1,645,154